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Algeria	6.00	Den	1.50	France	6.00	Norway	6.00	NZ	1.00
Austria	19.50	Finland	1.00	Germany	6.00	Sweden	6.00	Switzerland	6.00
Belgium	6.00	Greece	6.00	Italy	6.00	Japan	6.00	South Africa	6.00
Canada	6.00	Ireland	6.00	Lebanon	6.00	Portugal	6.00	Spain	6.00
Czechoslovakia	6.00	Israel	6.00	Poland	6.00	Romania	6.00	Soviet Union	6.00
Denmark	6.00	Libya	6.00	South Korea	6.00	Taiwan	6.00	Thailand	6.00
Egypt	6.00	Luxembourg	6.00	U.S.	6.00	USSR	6.00	Yugoslavia	6.00
France	6.00	Malta	6.00	West Germany	6.00	China	6.00		
Germany	6.00	Mexico	6.00	USSR	6.00				
Greece	6.00	Norway	6.00						
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U.S.	6.00								
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West Germany	6.00								
Yugoslavia	6.00								

ESTABLISHED 1887

Cruelty Stalks the Boat People

Refugees Are Fewer but Attacks on Them Are More Savage

By Henry Kamm
New York Times Service

GENEVA — In some ways, May was a relatively good month for those Vietnamese refugees whose small boats completed their voyage across the Gulf of Thailand. No more than 6 of the 21 boats that reached Thai shores were attacked and robbed by pirates. Only 2 refugees were raped and only one other woman was abducted and remain lost. Just two other refugees were reported missing. Not one of the Vietnamese was reported killed.

These statistics, provided by the United Nations High Commissioner for Refugees, made May one of the least cruel months since the commissioner's office began compiling data in 1982 on attacks on Vietnamese refugees by pirates, most of whom are assumed to be Thai fishermen.

But no firm conclusion can be drawn from the statistics. The refugees' boats that never reach shore, those whose passengers drown or

are put to death without a survivor to tell their tale remain an unknown.

What is certain is that piracy against the Vietnamese "boat people" has never been more savage than now, although the number of refugee boats, and thus the number of attacks, is in general declining. Good sailing weather has recently brought the outflow up to around 5,000 a month, but arrivals last year dropped to 28,055 throughout Asia, from the 1979 peak of 202,158.

"Even if the quantity has gone down, the quality of the attacks, if you can say that, is going up," said Poul Hartling, a former Danish prime minister who has been serving as high commissioner since 1978.

"What we hear is even more horrifying than in the past," he said. "The reports are the most horrifying I have seen. They tell of cruelty, brutality and inhumanity that go beyond my imagination. The refugees are attacked with knives and

El Salvador Says Rebels Have Missiles

Reuters

SAN SALVADOR — In an apparent attempt to counter the increasing effectiveness of government air attacks, rebels in El Salvador have obtained Soviet-designed light anti-aircraft missiles, according to both Salvadoran government and insurgent sources.

Intelligence sources in the Salvadoran Army said the rebels have supplies of SA-7s, portable heat-seeking missiles for use against ground-attack aircraft and helicopter gunships.

Although official rebel radio broadcasts have minimized the impact of the air war, the guerrillas are saying in private that the Salvadoran Air Force has become much more effective.

Government officials said wide use of the missiles could neutralize the air advantage. The military has been using A-37 ground-attack fighter planes and Huey helicopters in the fighting.

According to insurgent sources in Mexico, representatives of the rebels sought help from the Palestine Liberation Organization and Libya to purchase the weapons. They gave no details about the number of missiles allegedly in the hands of the rebels, or even if they had reached El Salvador yet.

Military officials said the rebels would need only a small number of missiles to counter the air force, which consists of about six combat jets and 20 helicopters doubling as troop transports and gunships.

Over the past 10 months the military has increasingly relied on air power, weakening guerrilla positions before moving in the infantry. No ground-to-air missiles have been used so far in the war. Both Salvadoran and U.S. officials said the introduction of SA-7s could trigger an escalation.

One U.S. official said: "What the guerrillas must realize is that if they use those, then we will have to send in more helicopters, better planes, and so forth. Then they will have to bring in something better to stop those planes and what you get is the beginning of a greatly scaled-up war."



Raphael study of a man's head fetched \$4.7 million in the Christie's auction in London of the Chatsworth Collection.

Christie's Sells Drawings for Record \$28 Million

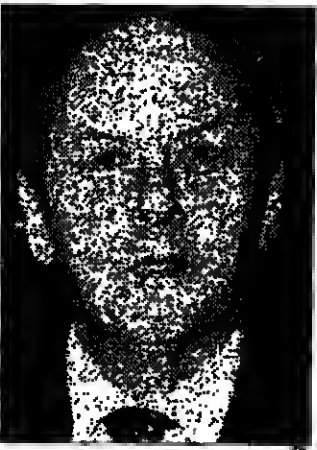
By Soren Melikian
International Herald Tribune

LONDON — A selection of 71 master drawings from the Chatsworth Collection sold Tuesday at Christie's fetched \$28.3 million (£21,799,880), a record for any single sale in Britain and Europe. A Raphael study of a man's head, 13 1/4 by 14 1/2 inches (34.6 by 36.8 centimeters) brought 7 million, the highest price paid auction or within the trade for a drawing.

American buyers acquired nearly all the most important drawings, demonstrating the increasing power of the dollar in the art market. The sale is unprecedented in art market annals. The works of art served at Chatsworth House, Wiltshire, are on a par with those major museums in several areas, the formation of the collection art of the fabric of English history.

The drawings were mainly acquired by William Cavendish, 4th Duke of Devonshire (1672-1709), whose father, the fourth Earl Devonshire, and after 1694 first duke, signed the invitation to William of Orange to claim the throne of England in 1688. One of the best collectors in history, he had many copies. In 1723, he hired the drawings belonging to son of a painter who had studied under Rembrandt — hence the Rembrandt landscapes by that artist.

The second Duke of Devonshire, who bought from dealers at auction, employed agents and corresponded with other collectors and, has been described as the



The Duke of Devonshire

first collector of the modern age. Preserved intact until Tuesday's sale, the Chatsworth Collection has been the object of intensive scholarly research in this century. There have been eight major exhibitions of the old master drawings in the last 30 years. Three of these toured all major museums in the United States in 1962-1963, 1969-1970 and 1979-1980.

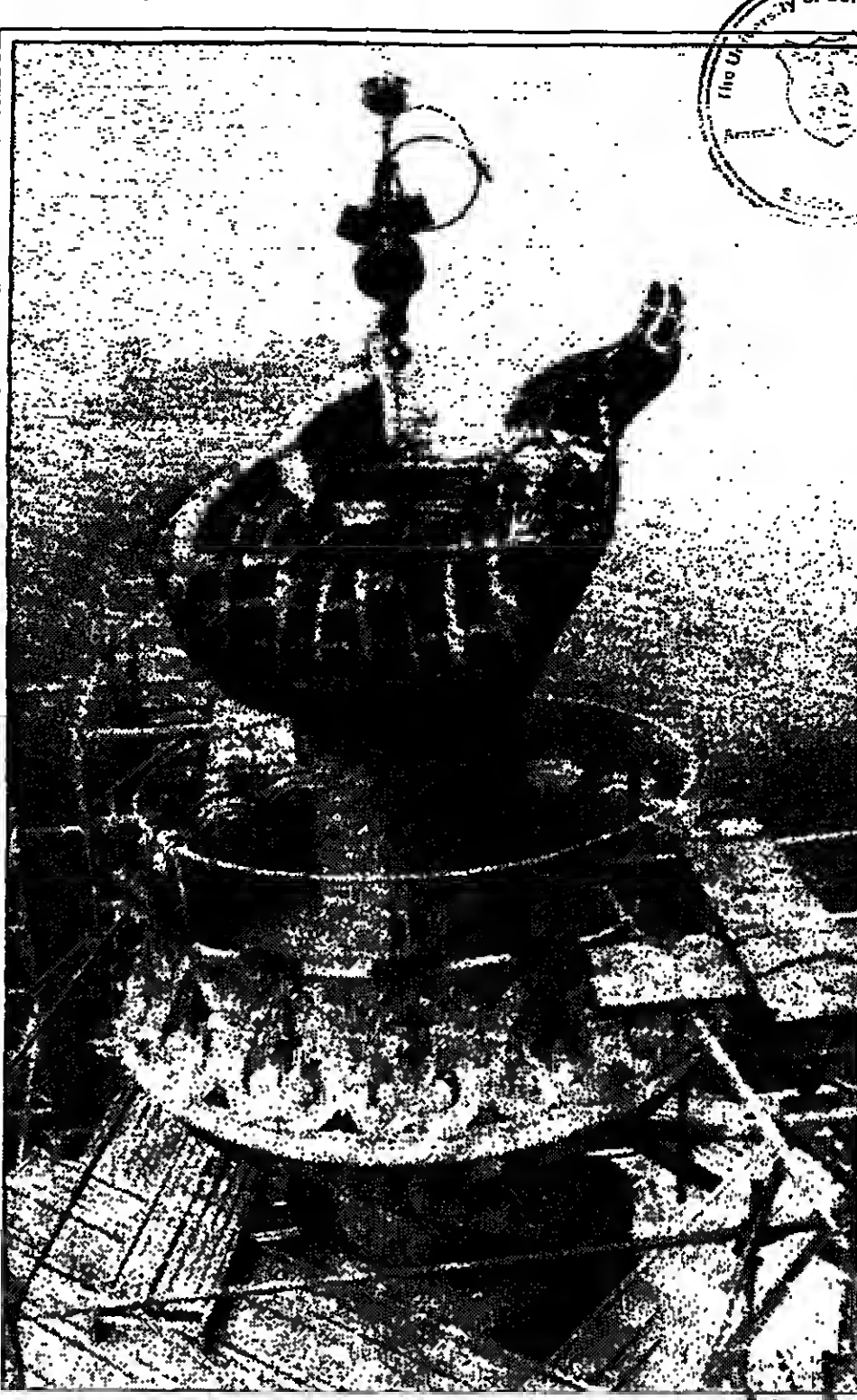
These exhibitions accounted in part for the record prices paid Tuesday. A second major factor was the drama and suspense created by the British Museum's failed attempt to acquire the 71 drawings. The selection had been made in the first place by Christie's at the request of the trustees of the Chatsworth Settlement to pay death duties.

Noel Annesley, Christie's expert on old master drawings and a leading connoisseur in the field said that he had made "an overall selection to build up a 'mini-Chatsworth' to be offered to a provincial museum in Britain that might have a fine art collection but no significant old master drawings."

The offer was rejected by the British Treasury because a government grant would have had to be made to the museum. No provincial museum could have afforded the \$7.98 million to \$9.31 million at which Mr. Annesley had valued the collection. Negotiations were then resumed with the British Museum but broke down when the museum declined to pay more \$7.3 million.

The small community of collectors of old master drawings, public and private, buzzed with rumors before the sale, and excitement peaked as news of the inevitable public auction began to circulate last year. The Americans did not miss the opportunity and stated bidding hard from the second lot on.

Ian Woodner, New York architect and dean of U.S. collectors in



The Statue of Liberty's torch crated and ready to be removed for replacement.

Relighting the Torch of Liberty

The Associated Press

NEW YORK — The Statue of Liberty's battered torch, a symbol of freedom to millions of new Americans for almost a century, was removed from the statue's hand Wednesday to be replaced.

Using a hoist, workers eased the corroded one-and-a-half-ton torch 320 feet (about 100 meters) to the roof of the Museum of Immigration in the statue's base, where it will be displayed. A replica of the torch was lighted at the base of the statue and will remain illuminated until the new torch is raised on July 4 next year.

About 4,000 spectators watched and dozens of ships in New York Harbor sounded their horns as the torch was removed.

National Park Service officials and the mayor of Colmar, the French city where the statue's sculptor, Frédéric-Auguste Bartholdi, was born, re-enacted the transfer of the statue from the people of France to the people of the United States exactly 100 years before.

When the statue, officially called "Liberty Enlightening the World," was assembled and mounted on its pedestal, it was unveiled Oct. 28, 1886.

Lee A. Jacobson, chairman of the Statue of Liberty-Ellis Island Centennial Commission and chairman of Chrysler Corp., said Wednesday that \$100 million of the \$230 million needed to restore the statue and the Ellis Island immigration station had been raised, including \$1 million in donations from schoolchildren.

The cost of lowering the old torch and raising the new one was estimated at \$200,000, about half the original cost of constructing the statue.

The statue, surrounded by a web of scaffolding, was closed to visitors earlier this year to allow work on the \$30-million project. The statue is worn from winds, salt air and acid rain, and the iron ribbing supporting its copper skin is corroded.

The statue's designer, Mr. Bartholdi, wanted to illuminate the torch with reflected light, but instead lights were installed inside the torch and ootches cut in the flame's copper outer layer in 1916. But so much of the copper was cut away that the torch structure was weakened. The glass windows were not properly sealed and rain seeped in.

The new torch will be a replica of Mr. Bartholdi's solid flame.

Lebanese Army Replaces Militia At Beirut Posts

New York Times Service

BEIRUT — The Lebanese Army fanned out through Beirut on Wednesday and took over key positions from rival militia groups to regain control after a five-month resurgence of civil war.

Prime Minister Rashid Karami said the deployment showed that Lebanon was on its way to recovering from nine years of strife.

The army's mission was carried out calmly with only one minor incident in which a few shots were fired but no one was hurt.

At daybreak, one battalion moved into the port area at the northern end of the city and a second at Beirut International Airport at the south, signaling that the government peace plan for the capital and its suburbs was being carried out.

Two hours later, other troops took over militia positions on the Green Line that divides Moslem-controlled West Beirut from the Christian East. Some militiamen could still be seen a few hours later in both halves of the city carrying light arms. They were expected to move off the streets as the deployment of the 9,000 soldiers spread.

The removal of barricades from the Green Line is to begin Thursday, with the airport reopening Friday.

Lebanon's Middle East Airlines said its first plane was due in Friday morning and it issued instructions to its 5,000 employees to report back to work.

The airport and harbor have been closed since Feb. 6, when Moslem militias gained control of West Beirut from the Lebanese Army.

Wednesday's appearance of the troops was the first time they have been seen in both sides of the capital under a unified command since the army broke up along religious lines five months ago.

A cabinet of national unity

Soviet Press Says U.S. Rejects Space Talks

Compiled by Our Staff From Dispatches

MOSCOW — The Soviet press ignored Wednesday a White House statement that the United States was prepared to meet the Russians in Vienna to discuss space weapons. It continued to portray the U.S. response to the Kremlin's call for such talks as a rejection.

None of the major state-controlled national newspapers indicated whether the Kremlin was now willing to meet with the United States this fall. The United States has said it intends to raise nuclear disarmament issues even if Soviet negotiators do not listen.

Meanwhile the Soviet ambassador to Washington, Anatoli F. Dobrynin, arrived in Moscow on Wednesday evening for consultations after a series of meetings with U.S. officials over the past week.

The United States met the latest Soviet proposal to hold talks on a possible space weapons ban, made Friday, by saying that it would enter such discussions if the Russians would agree to talk about curbing nuclear weapons.

The Reagan administration said it perceived space weapons talks — which it had initially rejected — as a forum in which it could also discuss the strategic and medium-range missile talks which the Russians suspended last year.

The Soviet government issued a statement Sunday saying that attempts to link the two issues were "totally unsatisfactory" and amounted to preconditions that it would not accept. It continued to extend its offer for talks limited to space weapons.

In Washington, the State Department spokesman, Jobo Hughes, said Tuesday that it was

Zimbabwe: Farmers Vs. Workers

Commerce, Politics Complicate Black-White Land Clash

By Glenn Frankel
Washington Post Service

SHURUGWI, Zimbabwe — When Robert Renford bought 4,400 acres of land for \$10 an acre shortly after Zimbabwe became independent in 1980, he thought he was getting both a bargain and a chance to register his optimism about the country's future.

Instead he set off one of the most enduring controversies of Africa's youngest nation. For the 18 black workers and their families who lived on the property — some for as long as two decades — have refused to leave.

With the support of the black-majority government, they have since claimed the land, defying court eviction orders.

The result has been a classic confrontation between two of Zimbabwe's most important and influential interest groups: white farmers who supply 80 percent of the country's commercially sold food and half its exportable commodities, and black farm workers who are the backbone of the electorate that put Prime Minister Robert Mugabe's government in power.

Caught in between is a government that has encouraged white commercial farmers to stay on the land and offered them strong economic incentives, but that also calls itself socialist and fought a seven-year war of liberation in which land was a key issue.

"The government is walking a real tightrope," said a Western diplomat, "and at the moment it is leaning toward its black constituents far more than to the whites. There are very important issues at stake but nobody wants to turn this into a litmus test about Zimbabwe's future."

Mr. Renford and his lawyers say the case has become exactly that kind of test, with the government defying the country's highest court, which upheld an eviction notice to the squatters earlier this year.

Other whites are concerned that (Continued on Page 2, Col. 4)

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U.S. Blume reports. Weekend.

Hart's Headquarters Waits for 'Lightning to Strike'

By Bill Peterson
Washington Post Service

WASHINGTON — These are long, frustrating days in the grubby offices that have served as the presidential campaign headquarters of Senator Gary Hart of Colorado for 11 months.

Word has not yet reached these offices that the war for the Democratic presidential nomination is over. Mr. Hart's young staff is still fighting.

"We're waiting for lightning to strike," said Allison Burroughs, 23, a faded "Mondale Gives In" newspaper headline is pasted on a television atop her makeshift desk.

"We're not idiots," said Rick Ridder, Mr. Hart's field director. "We can count, and things obviously don't look good for Gary. But something may happen. It's out of our control."

A color-coded floor plan of the Democratic National Convention, which begins July 16, sat nearby. The floor is divided into eight regions, showing the location of Mr. Hart's 30 floor phones for 30 second political operatives.

What could happen to shift the tides to Mr. Hart, who trails Walter F. Mondale by about 850 delegates, is unclear, but every week the staff members spot signs that they contend others have missed or underestimated.

When a Louis Harris poll several weeks ago reported that Mr. Hart would run stronger than Mr. Mondale against President Ronald Reagan, a letter went out to delegates.

When a George Gallup poll reported a similar finding last weekend, an updated letter was drafted.

When the League of United Latin American Citizens called for Hispanic delegates to abstain from voting for Mr. Mondale on the first ballot as a protest against his lack of active opposition to the immigration bill, another wave of hope swept through Mr. Hart's headquarters.

When a Washington business magazine reported that the political action committee that Mr. Mondale set up to explore his presidential bid had received hundreds of thousands of dollars in unreported contributions, one of Mr. Hart's aides said: "This



Gary Hart: His staff is still fighting



Five Lebanese passengers from a Cypriot ferry intercepted by the Israeli Navy waited in Israel before they were allowed to go to Lebanon on Tuesday. Four others are still held.

Israel Fears PLO Will Infiltrate by Sea

Navy Seized Beirut Ferry in New Security Crackdown

By Edward Walsh
Washington Post Service

JERUSALEM — Israel's seizure of a Beirut-bound passenger ferry last week reflects a fear that Palestinian guerrillas will attempt to infiltrate into Israeli-occupied southern Lebanon by sea.

Four of the ferry's passengers — three men and a woman — are still being held by Israel. The authorities have refused to identify them or disclose their whereabouts, adding to the mystery surrounding the seizure of the Cypriot ferry *Alisar Blanco* on Friday as the ship, with 63 passengers, was sailing from Cyprus.

The unusual high-seas operation — which brought strong protests from the Cypriot and Lebanese governments — was part of a clear pattern of intensified activity by the Israeli Navy, which, with warships stationed off the Lebanese coast, guards the western flank of Israeli forces in southern Lebanon. A high naval official said Tuesday that the vessel was under suspicion of carrying "terrorists."

Over the past 10 days, as part of the crackdown along the coast, Israeli warplanes bombed Nablus Island northwest of Tripoli, Lebanon, which was described by the Israeli Army as a "naval training" base for the Palestine Liberation Organization.

Israeli gunboats sank a small vessel near the same island. Five Israeli crewmen were wounded in the exchange of gunfire with the intercepted vessel.

The Israeli authorities closed off the Lebanese ports of Sidon and Tyre for a week, reopening them Sunday. Officials said this was part of tightened security procedures that included the inspection and licensing of Lebanese boats that regularly use the ports.

The Cyprus-bound ferry was intercepted by two Israeli gunboats about 25 miles (40 kilometers) from Beirut on Friday morning and ordered to sail to the Israeli port of Haifa. After questioning by Israeli security officials, all but nine of the passengers and crew were allowed to leave for Beirut aboard the ferry that night.

Five of the nine, all Lebanese, were turned over to Red Cross officials Tuesday morning at the Israeli-Lebanese border after spending the night at a kibbutz in northern Israel. Several expressed displeasure at their treatment by the Israelis.

Israeli officials have said they had intelligence data that some of the passengers were planning attacks against Israeli targets, in either southern Lebanon or Israel. However, the nature of the information was not specified and there has been no hint that weapons or explosives were confiscated from the ship or those aboard it.

It was believed to be the first time that Israel has seized a passenger vessel at sea and forced it to an Israeli port. However, according to military officials, it was not the first time a ship has been halted and searched by Israeli gunboats off the coast of Lebanon.

The Israeli Navy has patrolled off the Lebanese coast for years, well before Israel's 1982 invasion of Lebanon to prevent Palestinian guerrillas from infiltrating into Israel by sea.

A military official said that concern over infiltration by sea has heightened since Israel imposed stringent restrictions on land movements between southern Lebanon, which it occupies with about 10,000 troops, and the rest of the country.

"It's a logical conclusion that they may try to enter southern Lebanon by sea," he said, "since the land passes have been tightened to only a trickle."

The official said Israel also had "positive information" the terrorists were planning to use the sea routes to launch attacks, either on our forces in Lebanon or in Israel.

He said he did not know what intelligence had led to the seizure of the *Alisar Blanco*, but that the highly publicized incident served as "a signal to the terrorists that they have no safe conduct in and out of Beirut."

In a radio interview on Tuesday, the commander of Israeli naval forces, Major General Zeev Almog, defended the legality of the ferry seizure, which was denounced by Lebanese officials as "an act of piracy."

"We were ordered to check that boat, which carried suspected terrorists," General Almog said, "and this has its roots in international law under the item of self-defense."

West German Banks Said to Prepare Major Credit Deal for East Berlin

MUNICH — Franz-Josef Strauss, the rightist leader of West Germany's Christian Social Union and the Bavarian premier, said Wednesday that West German banks were preparing a major new credit for East Germany.

His remarks followed reports by the West German media that a deal was under way involving a loan of about 900 million Deutsche marks (\$315 million) in exchange for political concessions including permission for 5,000 more East Germans to emigrate to West Germany.

In July last year, a consortium of Bavarian banks granted a West German government-guaranteed credit of 1 billion DM to East Germany tied to the easing of restrictions between the two countries.

Mr. Strauss was widely credited with engineering that loan, but he said Wednesday that he was not involved this time and implied that the arrangement was being handled by Chancellor Helmut Kohl's office.

The chief government spokesman, Peter Bönisch, declined to confirm reports that in return for the loan, East Germany would reduce the daily minimum amount of money that travelers to East Germany are currently forced to exchange.

On Tuesday, Philip Jenninger, a senior official in Mr. Kohl's office, said talks were under way between East and West Germany on improving ties and the condition of people in both countries.

About 25,000 people were allowed to leave East Germany for the West in the first four months of this year — the largest number since the Berlin Wall was built in 1961.

But the exodus has recently dried up following a dispute over the role of West Germany's permanent mission in East Berlin as an escape route for refugees.

Fifty-five would-be immigrants recently sought asylum in the building, but 40 left voluntarily after the East German authorities promised they would not be punished.

Bonn to Give Rebate On Lead-Free Autos

BONN — Drivers of cars using lead-free gasoline are to get a vehicle tax rebate as part of a West German plan to promote sales of "environment-friendly" cars. Finance Minister Gerhard Stoltenberg said Wednesday.

Owners of converted cars will be exempted from the vehicle tax for five to seven years depending on the size of their vehicles. Drivers of cars not converted to use lead-free fuel, however, will have to pay a higher rate to make up for loss in revenue.

East Berlin Guard, Fleeing Post, Is Aided by West German Motorist

BERLIN — An East German border guard escaped to West Berlin by sliding down a pipe on a roadside watchtower and was driven across the frontier by a West German motorist who saw him running, a West Berlin Senate spokesman said Wednesday.

The 24-year-old soldier slid down a pipe used for quick exits from the border observation post, the spokesman, Hans Birkenbeul, said. A West German man spotted him running toward the Dreilinden checkpoint and stopped his car to give him a ride across the last few meters of Communist territory into West Berlin.

The soldier left the car just inside West Berlin and a pedestrian led him to a nearby police station, where the soldier asked for asylum, Mr. Birkenbeul said. The soldier's name was not released to protect his relatives in East Germany.

West Berlin officials said the driver, who was not named, had taken a great risk. They said he probably would have difficulty if he tried to drive back to West Germany because his car's license number was registered with East German authorities. West Berlin is 110 miles (257 kilometers) inside East Germany.

Christie's Sells Drawings For Record \$28 Million

(Continued from Page 1)

The J. Paul Getty Museum of Malibu, Calif., made a major sweep at the sale. Bidding through a London gallery, Baskett and Day, of the Artens art investment group, the museum bought a brown ink study of Peter Paul Rubens' study of St. Paul for \$2,010,960, a Rubens study of a "Man Threshing Beside a Wagon" for \$997,500, another Rubens for \$803,320, one of Rembrandt's finer brown ink landscapes for \$861,840 and Hans Holbein the Younger's portrait of a cleric for \$2,082,780. Those were the finest works on sale.

Paradoxically few of the prices paid can be considered significant in terms of future art market sales. They were future prices paid for unique works at a unique auction. No such Rubens, which Raphael has been offered publicly in decades — not even in the Henry Oppenheimer sale of 1936, which provides the only possible parallel.

The estimates given before the sale were all far below the prices actually paid Tuesday but early guesses have little significance. The expert could not quote prices reflecting what he thought would be the final result without jeopardizing his sale. And the estimates might have kept many potential buyers away.

One probable consequence of the sale is expected to be the tightening of the rules protecting major art collections not directly under government control in Britain. The bitter arguments that have erupted in British art circles, of which only faint echoes have been publicly heard, leave very little doubt on that score.

Perhaps the most interesting document, historically, was purchased by Mr. Woodner for \$430,000. This is a page from the "Libero de Disegni," which belonged to the Giorgio Vasari, Italian Renaissance draftsman, art historian and collector. Nine drawings of various sizes attributed to Filippo Lippi or Rappellino del Garbo are mounted on either side of the page. No item of such value has been seen on the market in living memory.

Mr. Rensford said he has not entered the property since 1982, when his pickup truck was stoned by some of the squatters. He also blames them for the loss of nearly 250 head of cattle. He puts his total losses at more than \$40,000.

The squatters themselves, who live in a group of round mud huts off a dirt road, say they are afraid to speak publicly for fear of jeopardizing their legal case.

But they made it clear that they believe the land belongs to them because of their long tenure and because officials have assured them they will not be forced to leave.

One woman, with children clinging to her legs, said her family had lived on the property for 50 years. She pointed to another woman.

"She was born here," she said. "Rensford has made a lot of trouble. The government owns this land now."

In fact, that is not yet the case. Although Minister of Lands Mwen Muboko said in an interview with the semi-official *Herald* that the government had offered to buy the property, Mr. Rensford said he has yet to receive a bona fide offer.

He added that since he is an unwilling seller, the government would have to pay him in hard currency, as is stipulated in the agreement concluded at the 1979 Lancaster House talks leading to Zimbabwe's independence. The state treasury is extremely short of such currency.

Home Affairs Minister Simba Muboko has said he will not order an eviction until he has approval from the Lands Ministry. Mr. Muboko, the Minister of Lands, said that he will refuse to give the approval.

"What may be legally justified may not be morally defensible," he said in a ministry directive last month. He added in the *Herald* interview: "They are going to stay because we cannot evict families that have been staying peacefully on a farm for 28 years."

These critics asserted that despite the abundance of attacks and availability of witnesses, only 20 cases have been investigated by Thai authorities. In a reported total of only five trials since 1982, 17 men were charged and 13 convicted.

They noted that shortly before a visit by Mr. Prem to Washington in May and the arrival of Pope John Paul II in Bangkok, a rare trial of pirates took place and four men were speedily convicted of rape, abduction and attempted robbery. Their 18-year sentences were later reduced to nine years because they had confessed.

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WORLD BRIEFS

Bolivia to Suspend Debt Payment

LA PAZ (UPI) — The Bolivian government made wide concessions to labor Wednesday, including a formal agreement to suspend foreign debt payments, in an attempt to avoid a nationwide general strike.

President Hernando Siles Zazo signed 30 decrees answering the demands of the Workers' Central, which represents 95 percent of the nation's labor. Labor union officials were studying the resolutions and were expected to announce Wednesday whether the general strike, set for Thursday, would be canceled.

The government said it would temporarily suspend service payments on its debt to international commercial banks as a first step toward renegotiating the total debt, estimated at \$3.7 billion. The decrees said that in no case would Bolivia dedicate more than 25 percent of its exports income to paying its debt. That income, coming mainly from gas and tin, is estimated at \$800 million for 1984.

Thais Arrest 16 in Alleged Coup Plot

BANGKOK (UPI) — Thai police said Wednesday that they have arrested 16 high-ranking officials of the outlawed Communist Party who are allegedly implicated in a plot to overthrow the government.

General Narong Mahanond, the national police chief, said the 16 arrested in at least seven simultaneous raids Tuesday included four members of the party Central Committee. Official sources said more arrests were expected.

"This is one of the biggest arrests of Communists we have ever made in Bangkok," General Narong said. "They have clearly been seeking support from abroad to overthrow the government." He did not say what countries were canvassed for support.

2 U.S. Diplomats Detained in Moscow

MOSCOW (AP) — Two diplomats from the U.S. Embassy in Moscow were held for two hours by the Soviet authorities Wednesday after being detained while talking to a Soviet citizen, an embassy spokesman said.

The spokesman, who asked anonymity and would not say who the two men were talking with, reported that a political officer, Jon Purnell, and a consular officer, George Glass, were accused by the Soviet authorities of "activities inconsistent with diplomatic status."

The U.S. Embassy protested, and also complained to the Soviet Foreign Ministry that the diplomats had been unable to contact their embassy. "What they were doing was talking to a Soviet citizen in a public place, outside," the spokesman said.

Cairo Envoy Expected Soon in Soviet

CAIRO (Reuters) — Egypt will have an ambassador in Moscow for the first time in three years by early August, the semi-official daily newspaper *al-Ahram* reported Wednesday.

The paper said that Salah Bassiouni, who is in charge of information and policy assessment at the Foreign Ministry, would be the first Egyptian ambassador in Moscow since 1981, when President Anwar Sadat expelled the Soviet ambassador in Cairo, accusing him of fomenting subversion.

The Egyptian government has made no official announcement on an exchange of ambassadors, but informed sources said last week that Egypt had decided to risk U.S. displeasure and make the move. Egypt receives about \$2.25 billion a year from the United States, making it the second-largest recipient of U.S. assistance after Israel.

2 Libyan Students Killed in Athens

ATHENS (NYT) — Two Libyan students, believed by the police to be supporters of the Libyan leader, Colonel Moamer Qadhafi, were slain Wednesday, shortly before their scheduled return to Tripoli. Their death brings to four the number of Libyans shot in Greece in the last month.

A police announcement identified the two as Abdel Mohem al-Zawi, 21, and Attia Salah al-Faraz, 20, and said they were medical students on Libyan government scholarships. They were found shot in the back and the head in their Athens apartment.

In June, a Libyan merchant also believed to be a supporter of Colonel Qadhafi was shot to death by unidentified gunmen while Foreign Minister Ali Abdel Salem al-Tureiki of Libya was on an official visit to Greece. A week earlier, a Libyan-born Greek shopkeeper who distributed an anti-Qadhafi newspaper was shot and wounded in his shop. A Libyan was later arrested in that case.

British Report Cites Nuclear Plant

LONDON (Reuters) — Radioactive discharges from a major nuclear fuel reprocessing plant in northwest England are unduly high and costly the highest in Europe, a government advisory group said Wednesday.

The group said that routine discharges into the Irish Sea from Sellafield, often criticized by environmentalists, had reached 69 percent of the internationally recommended level, an "undesirable" situation the advisers said. British Nuclear Fuels, the state-owned operators of the plant, have said they will study measures to reduce the discharges at Sellafield to "as near zero as possible."

In November, the government closed nearby beaches after waste from the plant contaminated them. An inquiry has begun into allegations that there is a high incidence of cancer among children living in the area.

30 British Miners Arrested After Clash

LLANWERN, Wales (Combined Dispatches) — Police arrested at least 30 striking coal miners Wednesday during violent scuffles with pickets trying to stop supplies of coal and iron ore from entering a major British steel mill.

About 80 jeering strikers surged in front of a 50-truck convoy. The trucks got through after police pushed back the pickets, who threw stones, cans and policemen's helmets.

Both sides have agreed to meet this week for their first talks in three weeks, but neither held out much hope of a settlement. The strike, now in its 17th week and affecting many but not all British coal mines, is in protest against plans to close 20 money-losing pits. (Reuters, AP)

Italian Cabinet Member Won't Quit

ROME (Reuters) — Italy's budget minister, Pietro Longo, implicated by a parliamentary report in the illegal P-2 Masonic Lodge, says he will wait until the end of a debate on the issue later this month before taking any action.

A final report Tuesday by Tina Anselmi, chairman of a parliamentary commission investigating the lodge, described as authentic a membership list containing Mr. Longo's name. Mr. Longo told the Social Democratic Party on Tuesday that he would take no action until July 15, the day after the commission's 40 members conclude the debate.

Allegations that leading politicians, businessmen and military officers were members of the lodge brought down the government of Arnaldo Forlani three years ago.

U.S. Unveils National Jobs Listing

WASHINGTON (AP) — A free, computerized national "Help-Wanted" list to help people who cannot find work in their home towns but are willing to move was announced Wednesday by the Labor Department. It also will help employers find candidates for hard-to-fill jobs.

The system, which will start with 8,500 openings, expands on listings kept by state employment offices that were published nationally once a month. "The system gives at least 10 days for a job order to be filled locally before it is sent to the Interstate Job Bank," Labor Secretary Raymond J. Donovan said. The bank will be based in Albany, New York.

He said the listings will be more helpful to experienced workers than to the hard-core unemployed. The jobs are mostly in the professional and highly skilled categories, with salaries ranging from \$7,100 up to \$70,000, with a median of \$21,000. The unemployment rate in May was 7.5 percent.

As Skirmishes Grow in Gulf, Analysts Expect Iran to Open Major Offensive

By Richard Halloran
New York Times Service

WASHINGTON — U.S. intelligence analysts said Tuesday that military action in the Iran-Iraq war has intensified after a month's lull and there is speculation that Iran might be on the verge of a long-expected offensive.

Both sides reportedly have engaged in more and larger skirmishes on the Basra front since the end of Ramadan, the Moslem month of fasting and prayer, last week. Increased air action also has been reported, not only Iraqi attacks on Gulf shipping but also battlefield sorties by both sides.

Iran has brought up additional regulars, the analysts said, and has moved more ammunition and supplies into offensive positions. In response, they said, Iraq has moved up more troops.

The analysts estimated the number of Iranian front-line troops at 250,000, an increase of 50,000 in a month. A month ago, there was an equal number of Revolutionary Guards, the analysts said, but these units since have been reorganized, making estimates difficult.

They said many Iranian officers have been replaced after field commanders were recalled to Tehran. There is doubt of a full-scale purge, but fresh leaders have been sent to the front. Dispatches from Tehran on Tuesday brought denials from Iranian leaders that the offensive has been delayed because of bickering.

Soviet Launches Satellite

MOSCOW — The Soviet Union launched a new Cosmos satellite Wednesday with an orbit similar in kind of military early-warning craft designed to detect nuclear attacks. But Tass said the satellite, Cosmos 1581, was intended to continue space research — a phrase used for all Cosmos craft.

On the ground, the wetlands in the Basra area have dried out and made it easier for military movement, especially armor.

After several false starts about a month ago, the analysts said the offensive threatened by Iran at that time might have been canceled. Both Iran and Iraq seemed then to be putting out ambiguous peace feelers.

Now the hints of peace seemed to have faded. There is speculation that an offensive might begin Thursday or Friday, at the time of another Islamic holy day.

The objective for the Iranians, given the direction of troop and supply movements, is the Iraqi defensive position north of Basra.

Whether Iran will seek to capture Basra or simply encircle it is unclear.

Reagan administration officials have become concerned that Iranian forces, after taking Basra or bypassing the city, may turn south and head toward Kuwait, only 30 miles (48 kilometers) away.

According to U.S. officials, a team from the U.S. Central Command — the former Rapid Deployment Force — has surveyed Kuwaiti military requirements. The results of the trip are reportedly still under study, but the Reagan administration recently approved an \$82-million package to improve Kuwait's air defenses.

He said recently that he told the 18 workers on the 4,400-acre (1,780-hectare) property that they would have to leave and that there were no objections at the time.

But the workers never left and since that time nine more families have joined them. Mr. Rensford turned to government officials for help early in 1981 and said he was told the squatters would depart after their corn crop was harvested in September.

Then, he said, officials of the Ministry of Lands told him they would have the squatters off the property and resettled on government-owned land by Jan. 1, 1982. Again nothing happened.

Some diplomats and others involved in refugee work doubt the earnestness of Thai efforts to prevent piracy. They argue that the Thai efforts are largely undertaken to protect the country's image.

They noted that shortly before a visit by Mr. Prem to Washington in May and the arrival of Pope John Paul II in Bangkok, a rare trial of pirates took place and four men were speedily convicted of rape, abduction and attempted robbery. Their 18-year sentences were later reduced to nine years because they had confessed.

These critics asserted that despite the abundance of attacks and availability of witnesses, only 20 cases have been investigated by Thai authorities. In a reported total of only five trials since 1982, 17 men were charged and 13 convicted.

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Zimbabwe's Races Clash Over Land Issue

(Continued from Page 1)

The case could set a precedent that would encourage thousands more squatters and seriously damage commercial food production.

It began in June 1980 when Mr. Rensford, 57, who has owned farmland near this central Zimbabwe town for 20 years, decided to buy the virtually undeveloped Little Impala Farm adjacent to his land.

He said recently that he told the 18 workers on the 4,400-acre (1,780-hectare) property that they would have to leave and that there were no objections at the time.

But the workers never left and since that time nine more families have joined them. Mr. Rensford turned to government officials for help early in 1981 and said he was told the squatters would depart after their corn crop was harvested in September.

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Mr. Rensford said he has not entered the property since 1982, when his pickup truck was stoned by some of the squatters. He also blames them for the loss of nearly 250 head of cattle. He puts his total losses at more than \$40,000.

The squatters themselves, who live in a group of round mud huts off a dirt road, say they are afraid to speak publicly for fear of jeopardizing their legal case.

But they made it clear that they believe the land belongs to them because of their long tenure and because officials have assured them they will not be forced to leave.

Junkyards Scrap Dirty Image For Sleek New Look

Auto Recyclers Use Showrooms, Computers to Serve the Cost-Conscious

By Jube Shiver Jr.
Los Angeles Times Service

LOS ANGELES — The \$4 billion-a-year junkyard industry is trading in its old, cluttered image for a sleek new one. The term "junkyard" has been abandoned by a new breed of owners, who prefer the more sophisticated-sounding "auto recyclers" or "salvage dealers."

Recyclers are leading a management revolution in a lucrative but unglamorous industry. New techniques, such as cleaning and repainting parts, setting up showrooms, tagging items in plastic and using computers to list inventory, are being incorporated into the business. Some experts say used-parts suppliers will soon be common.

In the past, most junkyard dealers have been "mom-and-pop" operations. "They've been a family business," said Barry M. Isenberg, head of a California consulting firm that advises junk dealers. "They've been a small business, and they've been a family business."

One junkyard, a \$6 million-a-year enterprise in Wareham, Massachusetts, that is owned by two brothers, Howard and Scott Robertson, was ranked 456th in Inc. magazine's list of the nation's "top 500 fastest-growing companies" in 1982, the only auto-salvage business to be included.

According to the Motor Vehicle Manufacturers Association, the average age of passenger cars on the road in the U.S. was 7.4 years in 1983, the oldest in 30 years.

Putting all new parts on the average American-made used car would cost about two to three times its sticker price, according to the Automotive Dismantlers & Recyclers Association.

By contrast, a typical salvage yard pays only 10 percent to 30 percent of the current value of a used car and resells its parts for a fraction of the cost of a new part.

Nationwide, more than half of the 8 million cars used annually for parts come from wrecks that insurance companies have judged to be total losses. Other cars are purchased from private owners.

At salvage yards, virtually every part — from windshield glass to small brake assembly bolts and brackets — is removed, tested, cleaned, painted and then placed on shelves. Some dismantlers even use the leftover oil to heat their buildings and sell the old antifreeze and transmission fluids.

The parts are often catalogued on a computer, helping salesmen pinpoint which used items are in stock and which model parts are interchangeable. Finally, the wrecked cars are sold for about \$38 a ton to scrap dealers, who process them for shipment to steel mills.

Besides the potential rewards, other factors have forced junkyard owners to modernize and operate more efficiently.

The initial motivation came with the enactment of the 1965 federal Highway Beautification Act that mandated the removal or camouflage of all junkyards within 1,000 feet of a federal highway. However, it was not until the advent of the small business computer in the late 1970s that the move toward modernization was accelerated.

kenor Auto Salvage looks more like a bank than a junkyard.

The gears Mr. Gaines bought for \$25 had been tested, packaged in plastic and were guaranteed. He estimated that he saved about 70 percent by buying used parts rather than new ones.

In recent years, about 25 percent of the nation's 11,200 junkyards have built clean, well-lighted warehouses.

"It used to be common practice here for a customer to come in and take a wrench and get their own part," said Herb Lieberman, owner of Lakenor. "But we found the customer would damage one part trying to remove another one. We decided to modernize and build a new building and install computers."

Junkyards throughout the nation are prospering because car owners are fixing their old automobiles rather than paying high prices for newer ones.

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Mondale Meets With Hispanic Mayor

As Hunt for Running Mate Continues

Compiled by Our Staff From Dispatches

NORTH OAKS, Minnesota — Walter F. Mondale met Wednesday with Mayor Henry Cisneros of San Antonio, the first Hispanic candidate on his formal list of potential running mates.

The two men, who have known each other for several years, met Tuesday night at Mr. Mondale's home, but waited until Wednesday to discuss the vice presidency.

In contrast to some of the five persons previously interviewed for the job of vice president, Mr. Cisneros, 37, seemed at ease, joking with reporters and presenting Mr. Mondale with candy made from hot jalapeño peppers.

So far, Mr. Mondale has interviewed Senator Lloyd Bentsen of Texas, Mayor Tom Bradley of Los Angeles, Mayor W. Wilson Goode of Philadelphia, Representative Geraldine A. Ferraro of New York and Mayor Dianne Feinstein of San Francisco.

Mr. Mondale has scheduled a meeting with Governor Martha Layne Collins of Kentucky later this week.

In Washington, Democratic sources said that Mr. Mondale's

camp has told Senator Dale Bumpers of Arkansas that he is also under serious consideration as Mr. Mondale's running mate.

The sources said that Mr. Mondale has made it also clear to his inner circle and to top party leaders that Mr. Bumpers is under consideration for the job, and that Mr. Bumpers has been invited to confide in Mr. Mondale at any time that he would like to submit to the same interview format as other contenders.

Mr. Bumpers, 58, has informed Mr. Mondale that before he takes that step, he wants to have "decided" in his own mind that he would accept the vice presidential nomination if it were offered, said one source.

Recent public-opinion polls have indicated that voters are much more likely to vote for Mr. Mondale in the general election against President Ronald Reagan when he is paired with Senator Gary Hart of Colorado.

Mr. Hart said recently that some Democratic leaders, including his campaign chairman, Representa-

tive Patricia Schroeder of Colorado, have urged him to join the ticket for the good of the party.

But Mr. Hart said again Tuesday, "I still don't want to be vice president."

On Tuesday, the Rev. Jesse L. Jackson said he would support a ticket with Mr. Hart as the vice-presidential nominee.

"Gary Hart proved that he could win votes in vital areas of the country," Mr. Jackson said at a press conference after a conciliatory meeting with Mr. Mondale. "Many of the women who are being recommended represent to me a broadening of the base. But objectively, the polls showed they could not compare with Gary Hart, for example, as a vote-getter."

"If the final arrangement were Gary Hart," he said, "I certainly would support him as opposed to sitting out."

A group of Mr. Mondale's most prominent women supporters was to gather in St. Paul on Wednesday to meet press their case with Mr. Mondale for naming a woman as his running mate. (AP, NYT)

'Video Palsy': Nerves of Steel Have Side Effect

BOSTON — "Video game palsy," a potentially serious damage to the nerves that can result from prolonged zapping of aliens and goblins, has been added to the list of hazards of daily life.

In a letter in Thursday's New England Journal of Medicine, doctors described the case of a 28-year-old man who suffered numbness and weakness in his hand after playing the games for about an hour a day for a month. The man recovered after he gave up his video habit, said Dr. Robert P. Friedland.

"I'm not saying that video game playing is dangerous, but it's possible to damage a nerve in your hand," said Dr. Friedland, a physician at the Veterans Administration Medical Center in Martinez, California.

The problem occurred when the man pressed the side of his palm against the machine as he rotated the playing knob, putting pressure on his ulnar nerve, in the forearm and hand.

Older Voters Turning From Reagan To Mondale, Post-ABC Poll Shows

By Barry Sussman
Washington Post Service

WASHINGTON — Voters older than 60 have moved in recent months to a point where they appear to be President Ronald Reagan's strongest constituency.

This represents a sharp change from 1980, when older Americans voted pretty much the way everyone else did: 50 percent for Mr. Reagan and 40 percent for Jimmy Carter.

Mr. Mondale's strength among people over 60 has been demonstrated in the Democratic presidential primary contests, where he won their vote with huge majorities. At the end, in New Jersey, older voters chose Mr. Mondale by 2 to 1 over his two opponents, and in California, where Mr. Mondale did badly overall, they supported him by about a 3-2 ratio over Senator Gary Hart.

Only in Rhode Island, Massachusetts and Connecticut, states where Mr. Mondale was routed, did he lose the elderly vote, and then only by narrow margins.

Democratic primary results, of course, are not a measure of support for Mr. Mondale against Mr. Reagan among people of any age. But they do show that older voters are Mr. Mondale's core constituency — and as for the general election, there are other findings that apply.

With a radio-telephone call from his Air Force One plane, the president was on a three-day tour to gather political support. The Associated Press reported from Daytona Beach, Florida.

He later joined the crowd of 70,000 racing fans at the Firecracker 400 stock car race. The race, followed by a picnic and a festival Wednesday in Decatur, Alabama, are the leadoff events in Mr. Reagan's quest for Democratic blue-collar voters who helped him win the presidency in 1980.

Mr. Reagan started an Independence Day stock car race in Florida

AFL-CIO Chief Defends Reagan's Latin Policy

By Joseph Fitchett
International Herald Tribune

LISBON — Lane Kirkland, the U.S. labor leader who usually is a prominent critic of the Reagan administration, has strongly defended U.S. policy in Central America to a European audience.

Mr. Kirkland, president of the 15-million-member American Confederation of Labor-Congress of Industrial Organizations, said at an international meeting in Lisbon last weekend that an aid package for Central America backed by President Ronald Reagan would give trade unions in the United States and Central America a strong voice in regional affairs.

Mr. Kirkland said the planned U.S. aid, now before the U.S. Congress, would strengthen the position of El Salvador's president, José Napoleón Duarte. A Kirkland aide told conference participants that U.S. support for Mr. Duarte would remain strong no matter which party wins the U.S. elections in November. Mr. Kirkland was an early backer of Walter F. Mondale's quest for the Democratic presidential nomination.

The Lisbon conference was called by Prime Minister Mário Soares of Portugal to promote closer contacts on Central America among trade unionists and political moderates in Central and Latin America, Western Europe and the United States.

Chiding what he said was ill-

informed criticism of U.S. policy, Mr. Kirkland said the Western news media have largely overlooked the significance of a proposed new body to administer aid: the Central American Development Organization, which expects to spend \$8 billion in U.S. aid from 1983 to 1990.

The development organization was proposed last January by the National Bipartisan Commission on Central America — the so-called Kissinger Commission — of which Mr. Kirkland was a member.

Since the aid will be administered by trade union officials, together with businessmen and government officials, the program will "enhance the role of trade unions, as an embodiment of freedom of association, which protects all other human rights," Mr. Kirkland said.

The Central American aid package, including the plan for the new organization, has been approved by the House of Representatives and is expected to pass the Senate.

To get support from Democrats, Senator Charles McC. Mathias Jr., a liberal Republican of Maryland, has attached a resolution to the bill suspending the conditions for aid.

His amendment strengthens the administration's requirement to report on human rights in El Salvador and obliges it to support the mediation efforts of the Contadora nations — Colombia, Venezuela, Panama and Mexico — in pursuing regional peace negotiations.

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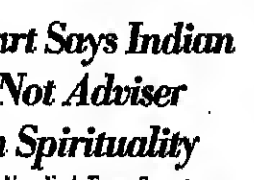
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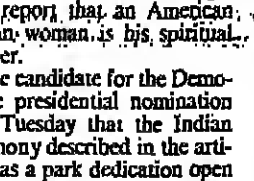
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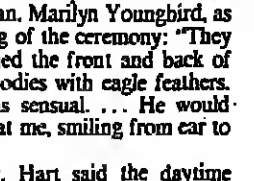
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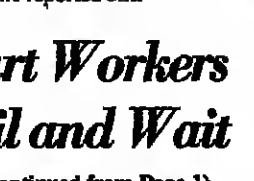
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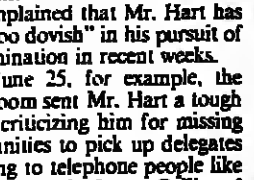
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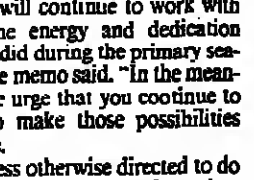
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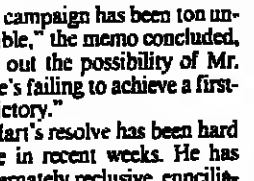
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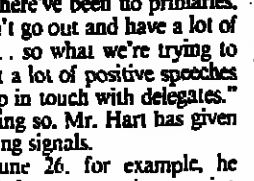
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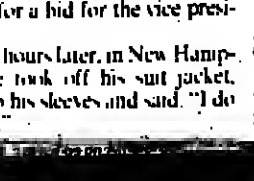
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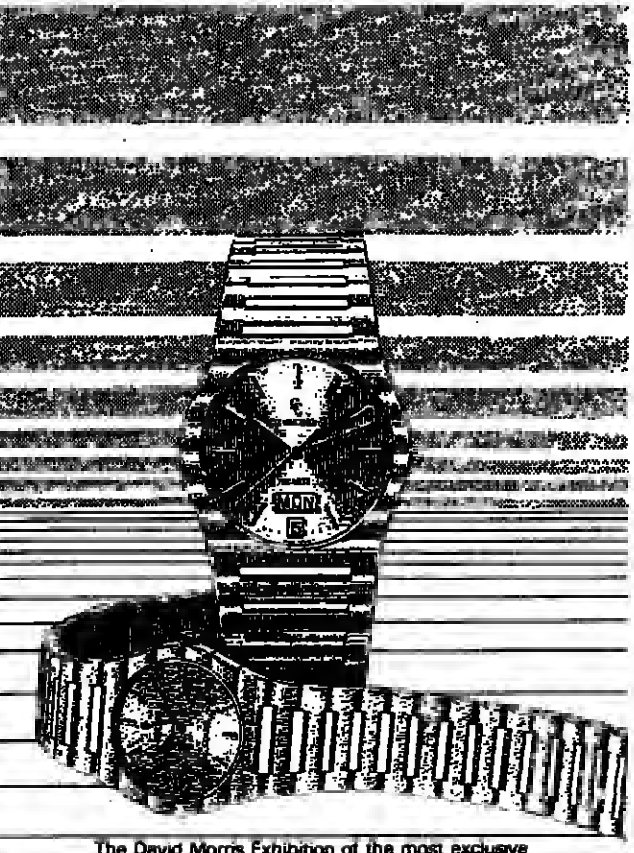
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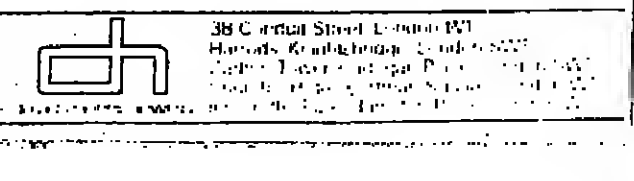
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The David Morris Exhibition of the most exclusive Concord Watch Collection in The Churchill Hotel Showroom from July 2nd to August 9th 1984.



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INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

An American Inventory

The Fourth of July is a time for annual inventory: How is the American enterprise progressing? A year ago there was a stock of rights and liberties. Have they all been kept in good working order, sharp and bright? Have they come through the past year in good condition to be passed along, in due course, to others who will need them? Or were there, as an accountant would say, certain losses through neglect, theft, wear and tear, etc.?

The inventory begins with the written law of the courtroom. Things have not been going well there. Over this past year the Supreme Court's work has been characterized by excessive deference to the executive branch and to administrative convenience. In the criminal cases there has been a consistent narrowing of defendants' rights. The concept of "public safety" seems to have been expanded, not always with clear standards.

As it has done before in its long history, the court has slid into a cycle of dim and quarrelsome decisions that shed little light for citizens trying to find the road. There is not much sense in these recent cases of the court's obligation to defend the individual citizen, cranky and troublesome as he often is, against the awesome power of the modern state. The court is currently in the hands of people who see things pretty much from the state's point of view.

There is more to justice than the law alone. Does your definition include economic justice? Here again the past year's record is not entirely to the country's credit. For the first time in more than half a century the inequalities of income are widening between rich and poor Americans. In the 1930s and early 1940s there was some closing of the distance between the top and the bottom of the income ladder; then, for nearly 40 years, while the whole country got much more wealthy, the balance remained remarkably stable. Now the disparities are widening again. The reason is the tax and budget legislation enacted in 1981 by the Reagan administration, with more than adequate assistance from the Democrats. The idea was to generate higher prosperity at the price of somewhat greater social inequality. In retrospect, does that strike you as a good bargain?

A more optimistic note: Of all the institutions of American life, the ideals of equal opportunity are most deeply embedded in the schools and universities. That is where the future is being made, and the doors there stand more widely open than ever. That has been the great achievement of the past generation, and there has been no retreat from it.

Yet there have been some real losses recently in the rights account, and few gains. The account stands a great deal higher than in most other countries, but present performance is not up to the standard of the great tradition founded 208 years ago yesterday.

—THE WASHINGTON POST.

Bolivia: Tired of Coups

Bolivia's comic-opera politics and economic plight have subjected it to much contempt. Last weekend, however, Bolivia shook off what threatened to become its 19th coup and emerged with a modestly strengthened democracy.

Rightist officers who kidnapped President Hernán Siles Zuazo were faced down by loyal military commanders, a powerful labor movement and other American democracies, including the United States.

That outcome is heartening for the hemisphere as well as for Bolivia. The same defensive pride that led Bolivia huffily to quit the Olympics may now have stimulated a more significant rallying of forces. For a month, the country seethed indignantly about a Washington newspaper article proposing that a beer company sponsor its athletes. Last weekend, indignation turned constructive.

The military's respect for constitutional government had never before been impressive. And Bolivia's labor unions, while ostensibly in favor of civilian governments, repeatedly took to the streets to defend austerity measures that governments tried to adopt at the behest of

foreign creditors. Both groups now seem to agree with President Siles Zuazo, who asserted after his rescue, "We are tired of coups."

There is also reason to cheer the regional response. Argentina's former military government was implicated in a 1980 coup that delayed President Siles Zuazo's inauguration for two years. Democratic Argentina supports the democrats in La Paz. Reports that a U.S.-trained anti-narcotics squad participated in the coup attempt are disturbing. Yet Washington's response was swift and stern, threatening a rupture of diplomatic relations. Together with parallel warnings from the presidents of Venezuela, Argentina, Peru and Colombia, this helped to turn the tide.

Washington now seems to understand the links between drug smugglers and corrupt soldier-politicians, and at least in Bolivia has become a consistent defender of constitutional rule. Bolivia's economic problems remain severe, and this coup attempt is not likely to be the last. But, thanks to the efforts of its people and its friends, Bolivia is learning to resist.

—THE NEW YORK TIMES.

Paraguay: Free Press?

For most of his 30 years in power, nobody has paid much attention to General Alfredo Stroessner, leader of the dusty fiefdom of Paraguay. But change beckons there, and General Stroessner seems perplexed by the attention he is now getting. He insists that the country is free, as his constitution says, and cannot understand why foreigners fuss about his closing of an allegedly subversive newspaper.

Here is why. ABC Color is Paraguay's leading newspaper and its conscience. Its owner and editor, Aldo Zuccolillo, has been brave enough to publish responsibly documented reports about corruption and human rights abuses. That he could do so, despite official harassment, showed that even a closed society can have windows of hope. Last March, after ABC Color interviewed a returning political exile, it was closed on charges of "endangering the peace of the republic and the stability of its institutions." Mr. Zuccolillo was held without charges for a week and then briefly placed

under house arrest. Since the closure, he has paid the paper's staff from his pocket.

Journalists elsewhere took up his cause. When the not-quite-moderate Inter-American Press Association sent representatives to Asunción, they were greeted by hostile demonstrators and invective on the radio. "The persistence of their mercenary presence does not please us," yet President Stroessner received the delegation, and gave the impression that ABC Color might be allowed to reappear.

That would certainly begin to change Paraguay's reputation for political primitivism. Nothing ABC Color might publish could damage President Stroessner as much as its continued silence. Mr. Zuccolillo's robust independence was Paraguay's best advertisement. His real offense has been to take literally the fine language about press freedom in his country's constitution. Muzzling him has demonstrated the fraudulence of its guarantees.

—THE NEW YORK TIMES.

Other Opinion

Malaysia and the U.S. Deficit

What does the U.S. budget deficit have to do with Malaysia? Much more than it would like. During 1983 (the deficit was a stimulant for recovery in the United States and a few countries. However, it seems clear that continued growth of the deficit has been overstimulative. The gains are now countered by the adverse impact — on LDC debtors especially — of high interest rates and an overvalued dollar. These two most surely arise from the deficit.

—Business Times (Kuala Lumpur).

Canada: Turner's Wary Start

John Turner achieved his long-standing ambition at the weekend, when he was sworn in as [Canada's] 17th prime minister. Pierre Trudeau's act will be a difficult one to follow. The

Political prudence has overcome any temptation the new prime minister may have felt to make a dramatic clean break with the past. His intention to proceed cautiously shows most clearly in the retention in high office of several heavyweights of Mr. Trudeau's cabinets.

—The Financial Times (London).

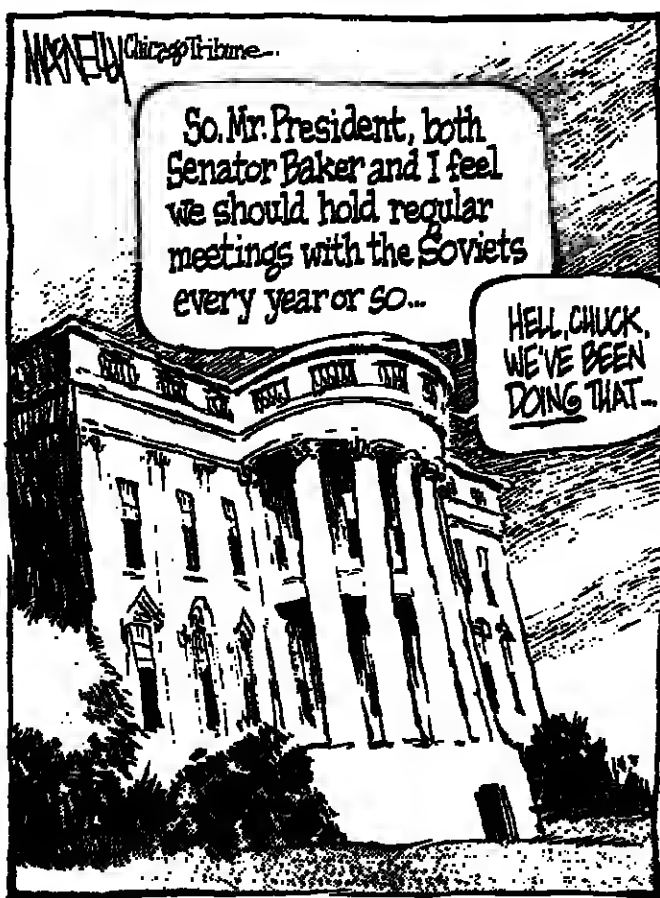
FROM OUR JULY 5 PAGES, 75 AND 50 YEARS AGO

1909: A Fourth of July in Berlin

BERLIN — At the fourth of July reception by the American ambassador and Mrs. David J. Hill, the beautiful gardens of the embassy in the Bismarckstrasse were filled with summer costumes, whose wearers, sheltered from the midday sun under shady trees, refreshed themselves with tea and iced drinks while they listened to patriotic remarks from the Ambassador and the Consul-General, and from the Rev. Thomas C. Hall, of New York, General Charles D. Hall and Admiral Rogers. Some of the more and younger members of the party, unable to withstand the enticing music, danced on the lawn with remarkable energy.

1934: Marie Curie Is Dead

VALENCE-SUR-RHONE, France — Mme. Marie Curie, the world's foremost woman of science, co-discoverer with her husband, Pierre Curie, of radium, director of the Institute of Radium, member of the French Academy of Medicine and twice a winner of the Nobel Prize, died [on July 4] in a sanatorium at Sallanches, after an aggravation of pulmonary troubles. She was in her 66th year. Mme. Curie, née Maria Sklodowska, will doubtless rank among the great women of history. She was the recipient of the Nobel prize in both physics and chemistry, and honored by scholars and governments in all parts of the world.



Would Reagan Be Equipped to Deal With Moscow?

By Lon Cannon

WASHINGTON — Behind the election-year facade of White House interest in a U.S.-Soviet summit meeting are unresolved questions about how President Reagan intends to deal with the Soviet Union if he is re-elected.

The first concerns his sincerity. Mr. Reagan has said that he desires genuine arms control negotiations and is willing to sit down with Soviet leaders to accomplish this. He has said that "a nuclear war can never be won and must never be fought." He has offered to negotiate on anti-satellite weapons.

Circumstantial evidence suggests that he is sincere. Even Walter Mondale agrees that Mr. Reagan wants peace. At a recent meeting with aging California intimates once known as the "Kitchen Cabinet," he carried on about how frustrating it is to send peace signals to the Soviets and receive silence or denunciation in reply.

But there are other questions. Does Mr. Reagan know how to go about accomplishing his intentions? Does he have people working for him who are willing and able to hold arms negotiation?

Much has been written about the harshness of the president's now muted anti-Communist rhetoric. Less has been said about his naivete. In a 1980 interview he expressed the view that a heightened arms race would force the Soviets to the bargaining table, an idea still treasured by hard-liners although the arms race is thriving and the Soviets have abandoned nuclear arms talks.

At the Kitchen Cabinet meeting, Mr. Reagan complained that he did not know whether Leonid Brezhnev received a letter he sent him in 1981. One observer said he behaved as if he were still president of the Screen Actors Guild and wondering why producers would not sit down with him.

When Mr. Reagan was elected, his knowledge of

arms control and weapons systems ranged from sketchy to nil. Because he memorized information rather than understood it, he was given to lapses that dismayed better-informed aides.

At a news conference on Oct. 2, 1981, he was asked basic questions about the vulnerability of the MX intercontinental ballistic missile and the ability of the B-1 bomber to penetrate Soviet defenses. He was at a loss to respond. "I think a few minutes are up, and I'm going to turn the question over to Cap," he said, passing the baton to Secretary of Defense Casper Weinberger.

The next year, Mr. Reagan made a celebrated offer to reduce U.S. and Soviet land-based nuclear arsenals without recognizing, as he subsequently admitted, that they struck at the heart of the Soviet missile system while leaving much of the U.S. retaliatory force intact. Strobe Talbott, writing in Time magazine, cites "an even more shocking, though no doubt temporary, lapse" in which Mr. Reagan forgot that U.S. strategic bombers and cruise missiles are armed with nuclear missiles.

He is more conversant with these issues than he used to be, but far from knowledgeable. Last week he gave a speech, prepared by his national security experts, in which he called for "a better working relationship" with the Soviets on non-weapon issues, while he bashed them on everything from Afghanistan to the Helsinki accords.

It is hard to see how this speech improved U.S.-Soviet relations, but Mr. Reagan did not know enough to make changes. Said an adviser afterward: "The president seems confused about what is going on. He doesn't know what questions to

ask." The comment suggests the answer to the third question, which is even less comforting. It is that Mr. Reagan's administration is infested by hard-liners who are unimpressed by political arguments of White House strategists and see no need to be conciliatory. A top Pentagon official influential in arms control said recently, "Reagan can win without a summit, so why take a chance?"

This is not a reassuring message for a second term in which election-year peace talks in the White House are likely to have departed for other pastures while hard-liners stay put.

The Washington Post.



A New England Spinster's Amber Waves of Grain

By Nardi Reeder Campion

NEW YORK — Dec. 7, 1941:

The night of Pearl Harbor. Reporters were huddled under the White House portico. The grim senators who visited Franklin Delano Roosevelt "came in silent and went out silent," wrote Richard L. Strout. "Behind the iron fence a small crowd... made an effort to sing 'America the Beautiful.' It quavered badly. It made me cry."

Oct. 2, 1979: Pope John Paul II's first visit to America. He descended from a plane in Boston, kissed the ground and said, "Permit me to express my sentiments in the lyrics of your own song: 'America, America, God shed His Grace on thee, and crown thy good with brotherhood, from sea to shining sea.'"

Oct. 20, 1979: Dedication of the John F. Kennedy Library. "The unforgettable voice echoed across Columbia Point," Arthur Schlesinger wrote. The crowd "sat in silence under the misty October sun. When the orchestra played 'America the Beautiful,' the stately old song had never seemed more poignant."

"America the Beautiful" is 89 years old. Most Americans know

the words, but few know that they first appeared on July 4, 1895, and that they were written by Katharine Lee Bates, a teacher of English literature at Wellesley College and the author of 32 now forgotten books.

A plump 34-year-old New England spinster-scholar with pompadour and rimless spectacles, Miss Bates was inspired to write the poem by her first trip West, in 1893. As she jiggled toward Colorado Springs on the train, she wrote in her diary on July 4: "Fertile prairie. Hot sun across Kansas. A better America for such a Fourth." Her first glimpse of the purple Rockies, so different from her native Cape Cod, stunned her.

Her diary tells how "America the Beautiful" wrote itself on "a merry expedition" up Pike's Peak:

"Our journey on the peak remains in memory hardly more than one ecstatic gaze. It was then and there, as I was looking out over the sea-like expanse of fertile country spreading away so far under those simple skies, that the opening lines

of the hymn 'O beautiful for spacious skies' floated into my mind. 'When we left Colorado Springs the four stanzas were penciled in my notebook... I do not remember paying heed to those verses until the second summer following, when I copied them out and sent them to The Congregationalist, where they first appeared in print July 4, 1895.' Nine years went by until The Boston Evening Transcript reprinted the poem. This time people noticed."

Silas Pratt set the poem to music and published it in his song book. America loved the words, but not Pratt's tune. The National Teachers of Music Club sponsored a contest to find a better one.

More than 60 original melodies were written for "America the Beautiful." Attempts were even made to fit it to "Auld Lang Syne." The winner was "Materna" ("O Mother Dear Jerusalem"), a hymn written by Samuel A. Ward in 1882.

For 40 years Miss Bates was a teacher at Wellesley College, a campus figure with a dog named Ham-

let and a parrot named Polonius. She had copyrighted her poem, but the only money she received for "America the Beautiful" was a tiny check from The Congregationalist. She is memorialized in Falmouth, Massachusetts, where her birthplace is a historic site; at Wellesley, where a dormitory is named for her; and on Pike's Peak, where a sign marks her place of inspiration.

The images of Katharine Lee Bates' 32 lines are ingrained in the culture. I heard Robert Frost use the poem. This time people noticed. "Confirm thy soul in self-control," in a commencement speech when he called America "a place where small-d democrats like to confirm their souls in self-control."

Before she died in 1929, at 70, she wrote that if the hymn had gained "such a hold as it has upon our people," this was "clearly due to the fact that Americans are at heart idealists, with a fundamental faith in human brotherhood."

The writer is the author of seven books and an alumna of Wellesley College. She contributed this essay to The New York Times.

Jackson: An Example of Reagan Luck

By George F. Will

WASHINGTON — The Reverend Jesse Jackson shows no symptoms of shyness. He is frequently and piercingly audible about almost everything, and is especially boisterous when expressing scathing disapproval of social arrangements. Thus it is an occasion for astonishment when his indignation flags, as it did in Cuba and Nicaragua.

Mr. Jackson — he of the red-hot ardor for human rights — got "good vibrations" from Fidel Castro, who gave him a few political prisoners as campaign props. Mr. Castro has a bountiful supply of such prisoners.

The regime in Nicaragua has never permitted an election, boasts of exporting war to El Salvador and has concentrated camps for persons who are unopinionated to it. Mr. Jackson praised it for marching toward "democracy, peace and reconciliation."

Mr. Jackson's propensity for historical parallels is always entertaining, and never more so than when he explained that Nicaragua's dictators are doing better than America's Founding Fathers did. The Sandinists have wielded dictatorial power for only five years, whereas "the gap between American independence, a revolution from Britain in 1776, and a president being elected in 1789 was 13 years." For the United States, as for the Sandinists, "the transition between coming into power militarily and moving toward full-scale democracy" was a "slow process."

Even if you assume, as Mr. Jackson does, that American independence was achieved, not just declared, in 1776 (what does he think happened at Yorktown in 1781?), it is peculiar to think, as he does, that there was a

military dictatorship until 1789. Actually, the Constitutional Convention of 1787 was called because there was too little central authority over the 13 robust constitutional democracies that were loosely linked under the Articles of Confederation.

What is interesting about Mr. Jackson's argument is not that it is stupid but that it is willfully, almost painstakingly so. Obviously he and his deepest thinkers sat down and asked: How can we concoct an apology for Sandinist tyranny? So the problem is not that Mr. Jackson is as naive as is any child whose supply of convictions is disproportionate to his supply of information. The problem is that he seems to relish the challenge of defending the indefensible for the benefit of leftist dictators.

Mr. Jackson was asked whether he told Mr. Castro that a quarter of a century of dictatorship should suffice and that it is time for an election. His answer — no — came swaddled in philosophic babble: "I had to respect the sovereignty of his nation, his territorial integrity, and the right of their government to operate as they see fit." When you hear from Mr. Jackson such unwelcome deference toward authority, you can be sure that he is enjoying the hospitality of a Communist or Arab tyrant.

It is a familiar farce: A political pilgrim from a democracy, exercising his right to leave his country, travels to a nation suffocating beneath a regime that denies that right and most others. There, by the intensity of his raptures, the pilgrim makes of him-

self a perfect ninny. If America is, as Mr. Jackson seems to think, a nation that esteems people in proportion to their ability to create telegenic up-gears, then the public may come to endorse his immense appreciation of himself. (He is, he says, rather like Jesus.) If it is, as Democrats have reason to think, a nation that punishes extremism, Democrats' toleration of Mr. Jackson is going to be costly.

Since the 1968 convention and the McGovernite takeover in 1972, the party has been trying to expunge the taint of extremism, which is one reason for the defection of the moderate Democrats who gave Ronald Reagan his margin of victory. Mr. Jackson is the latest example of Reagan luck.

Mr. Jackson's collaboration with dictators who loathe his country has given some Democrats the following nightmare. In October Republicans run a television commercial with no spoken words, only six photographs flashed on the screen: Jackson bugging the terrorist Arafat; Jackson grinning with Syria's Assad, killer of U.S. marines; Jackson fawning over Castro; Jackson being jolly with Ortega, leader of the Sandinists, whose anthem refers to the United States as the "enemy of humanity"; Jackson hugging the anti-Semite Farrah Fawcett; Jackson hugging Mondale.

Last Sunday found Mr. Jackson on the Mexican border leading a demonstration that, naturally enough, featured detestation of what he calls U.S. "arrogance." When some of his fans burned an effigy of Uncle Sam holding a swastika and a club, Mr. Jackson said of his campaign, "That's not what we're about." Oh yes it is.

Washington Post Writers Group.

Centrist or Radical: Reagan's Options In Foreign Policy in a Second Term

By Stanley Hoffmann

PARIS — So far, Reagan diplomacy has little to show.

The absence of arms control agreements may please some hawks in Mr. Reagan's administration, but Moscow shows no sign of running out of bread in its attempt to prevent the United States from achieving great superiority. In political relations with the Russians, U.S. frustration is as great as theirs.

In Central America, U.S. efforts against Nicaragua have succeeded more in destabilizing much of the region than in toppling the Sandinist regime or forcing it to change its ways. Nor has the situation in El Salvador been drastically improved.

In southern Africa, the strategy of cautious change through greater cooperation with South Africa appears to have made some headway, but the results are far from in.

In the Middle East, contradictory policies have all failed. The Reagan plan for a solution of the Palestinian problem was never carried out, because his administration did not want to spend the political capital required at home and abroad. The fiasco in Lebanon strained U.S. relations with Arab friends, consolidated

This is the second of two articles.

the Soviet position, left Syria in a dominant position in Lebanon and America without any policy at all.

America's reply to allies who complain about damage done to their economies by high U.S. interest rates is that the U.S. recovery will ultimately benefit them. The reply has left them dissatisfied, for the interest rates have delayed their recovery and helped aggravate the debt crisis that threatens both their exports to developing countries and the whole international financial system.

Thus, many of America's friends are ambivalent. They are grateful for the absence of catastrophes but worried about a pattern of unilateral moves that almost always result from Mr. Reagan's domestic priorities.

It can be argued that President Reagan has gone about as far as he could in trying to reshape America, especially in the realm of social policy. Thus, if he is re-elected, and if the economic recovery continues, he will be tempted in try to reshape the world in his image without having to

worry about his political fortunes. The trouble is that in foreign affairs he offers two images, and he would have to choose between them.

One is a more centrist course. The president may want to be seen as a peacemaker. If the recovery falters, partly because of the negative effects of the budget deficit on interest rates and investments, he may have to agree to substantial cuts in the defense budget. And a centrist policy would entail a resumption of arms control talks.

The United States would propose reductions in offensive weapons; Soviet advantages in long- and medium-range land-based missiles would be traded off against U.S. advantages in submarine cruise missiles and in bombers. America would propose banning "star wars" and ending development of anti-satellite weapons.

A centrist course would look for political, not military, solutions in Central America, along the lines suggested by the Contadora group. It would require a new search for a solution of the Palestinian problem by cooperating with and prodding the government that might emerge from a Labor victory in the Israeli elections. America would show greater willingness to adopt a foreign economic policy that takes into account allies' complaints and tries for a comprehensive solution of the debt problem by wiping out much of the debt and helping developing countries meet their interest payments.

However, Mr. Reagan might also be tempted by his other, radical image — that of the sheriff who defines and defeats troublemakers. In his mind, the appeal of peace coexists uneasily with the lure of battle against the evil empire.

In Central America, Mr. Reagan has already burned his bridges. If the military situation does not improve and he continues to reject political solutions, he will have no recourse but direct military intervention.

If the Russians continued to reject his call for a dialogue, he might revert to his original ideas about forcing the Kremlin, through an arms race, to choose between domestic bankruptcy and external accommodation.

If he pursued the radical course, Mr. Reagan would run into considerable difficulty with America's allies. They would resist and he would resent their defection. All of the West European countries want a resumption of the dialogue with Moscow. Most of them realize that a permanent collapse of arms control would make further deployment of American missiles in Europe more difficult, and also that much of the blame would be put on Washington.

A more militant course in Central America would antagonize not only the Western Europeans but also many Latin American governments. Beijing would put greater distance between itself and Washington as soon as Washington appeared to be on a collision course with Moscow. An uncontrolled arms race would be an unmitigated disaster. In every political crisis, each side would think about striking before it were struck.

Which road would Mr. Reagan choose? The answer depends on three factors. One is the American recovery: A recurrence of inflation leading to a cooling off of the economy or a slowdown resulting from the budget deficit would oblige the administration to pay more attention to domestic than to foreign affairs.

Much would depend on the men selected for key foreign policy positions, given Mr. Reagan's lack of expertise and his dependence on aides.

Congress's role would be decisive. A Congress in which the Democrats kept control of the House and gained greater influence in the Senate would most probably oppose military expeditions in Central America, make efforts to reduce the defense budget and push toward arms control. It is obvious that the legislative elections are crucial for the future of American foreign policy, and of mankind.

The writer is chairman of the Center for European Studies at Harvard University. He contributed this comment to The New York Times.

LETTERS TO THE EDITOR

Educating for Careers

Regarding "A Rising Tide of Mediocrity in U.S." (in the Special Report on International Education, May 16) by Lawrence Feinberg:

I found that the corrective measures listed failed completely to touch on the single most important issue — personal motivation fired by a genuine interest in knowledge.

It seems we are still raising children with an outlook of "What do you want to be?" rather than "What do you want to do?" The difference is fundamental. Today we seem to be merely building an assortment of workers for our factory of a world, rather than building intellectuals that can see beyond the weekly paycheck.

Political history, science, art, literature and religion are all inseparable topics, yet they are taught in five quite separate classes. Without a proper awareness of these relations, children can only feel disconnected from the chain of human history. Investigation and initiative suffer. "Jobs" take the places of "careers."

The approach is wrong; changing standards will not help. Analytical thinking is rarely developed. Multiple-choice tests are becoming the rule, and involve little more thinking than some temporary memorization.

People who can keep their minds intellectually occupied have less need for vacuous distractions and have greater ambition. This starts with the teachers. Merit pay is a must.

Standards will remain a necessary gauge of education, but they must not obscure its real purpose: To understand, enjoy and advance our lives.

JOHN RYNSKI, Paris.

Toward Tit-for-Tat Visas?

Regarding the report "U.S. Retaliates Over Mistreatment of Emigrants" (June 23) by Ann Mariano:

The tough retaliatory stance currently being taken by the United States against foreign envoys suggests that the time is now opportune for European countries to require visas from American visitors. This would soon persuade the United States to drop its one-sided requirement for Europeans to have a visa to enter the United States.

DAVID FRANCIS, London.

Cognac Is From Cognac

In the June 19 "People" column, reference is made to "the first cognac ever produced by a joint venture between the Schramsberg Napa Valley Winery and Rémy Martin." We wish to make it very clear that the spirit which is indeed being produced in California with our partner Schramsberg for sale next year is not and never will be a "cognac."

The "cognac" denomination is reserved by French law — Article 1 of the Decree of May 15, 1936 — to the spirits obtained, under certain conditions, from vines harvested and distilled within the Cognac area in France, itself defined by a law of May 6, 1919. The product referred to in the column is a California alambic brandy, i.e., a brandy produced in a pot still according to the distinctive double distillation process.

PIERRE DE VIEL-CASTEL, Assistant General Counsel, Rémy Martin, Cognac, France.

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Police in Manila used batons to push back demonstrators at the U.S. Embassy.

J.S.-Filipino Friendship Day Draws Protest

United Press International
MANILA — Thousands of anti-government protesters held separate rallies in the Philippines on Wednesday, burning United States flags and effigies of President Ronald Reagan and U.S. Ambassador Ferdinand E. Marcos to mark Filipino-American Friendship Day.

The biggest demonstration took place in front of the U.S. Information Service offices in Iloilo city, 600 miles (960 kilometers) south of Manila, where 1,000 students and peasants assembled to hear anti-American speeches. Demonstrators also massed near the gates of the U.S. Embassy in Manila and in two towns on the central Philippine island of Negros.

The only incident reported involved a brief melee in front of the U.S. Embassy, where 200 riot police carrying truncheons prevented 1,000 protesters from marching near the mission's gates. There were no injuries.

Shouting "Dismantle the U.S.-Marcos dictatorship" and carrying signs saying "Stop U.S. meddling in Philippine politics," the protesters stood on the street outside the embassy for two hours. They also burned a paper American flag and an effigy of President Marcos.

A U.S. official agreed to receive a joint manifesto from four rally leaders at the embassy.

The manifesto said that since the United States granted the Philippines independence on July 4, 1946, "Filipino-American friendship has translated itself in reality in a kinship of domination designed to serve U.S. economic and strategic interests."

Teachers' Group Seeks To Shift U.S. Debate On Reforming Schools

By Gene I. Macroff
New York Times Service
MINNEAPOLIS — The National Education Association has approved a report on the condition of American schooling that the organization hopes will shift the debate on educational reform in the concerns expressed by teachers.

Few teachers have served on the panels that have written the various reports on U.S. education that have been issued in the last 18 months. As a result, officials of the association say, the reforms that are going forward at the state level have not taken enough notice of the needs and realities of the classroom.

"For more than a year we've read and listened to countless reports by everyone except for teachers," said Edward R. Dorsett, a mathematics teacher in Connecticut. "We are the ones who can speak from the classroom."

Basic to the new report is its recommendation that the average annual starting teacher's salary be raised to \$24,000 from the current average of \$14,000, which the association says is essential if good teachers are to be attracted.

The 7,000 delegates in the National Education Association's annual convention reviewed and amended a draft of the report presented Tuesday by a task force on educational excellence.

Some of the wording was altered to reaffirm the association's warning of "career ladders" based on merit pay and such titles as "master teacher." But relatively few changes were made in the original document, which was lavishly praised.

The teachers have been especially ranked by the interest in merit pay and peer review that has been stimulated by a federal government report, "A Nation at Risk," that was widely publicized last year, and by other recent reports.

The report by the 1.7-million-member teachers' group emphasizes a major effort to "totally restructure" the public schools by decentralizing decision-making to each school building, ensuring that pupils not only pass subjects but "master" them, and changing personnel practices to guarantee that only the ablest teachers are hired.

Despite the members' enthusiasm for the report, there are fears that it may have been adopted too late in the reform movement to have an impact.

Moreover, some were concerned that the report, in trying to address



Thérèse Gondree, who died Wednesday, at her Pegasus Bridge café-museum in Normandy.

One of the First Liberated on D-Day Is Dead

The Associated Press
CAEN, France — Thérèse Gondree, 79, who watched British commandos arrive by glider in the pre-dawn hours to seize what was later known as Pegasus Bridge, and thus became one of the first persons liberated on D-Day, died Wednesday.

Bill Millen, a Briton who piped commando troops along the road in front of her café alongside the canal bridge on D-Day and who was a regular visitor in postwar years, has been asked by her family to play the bagpipes at her funeral in nearby Benouville on Saturday.

She turned her café into a museum filled with mementos of the British action, and donated land for a formal museum for the airborne forces next door. Mr. Millen said she has been in poor health, and her meeting Prince Charles during the 40th anniversary ceremonies this year was the only thing that "really kept her going."

Other deaths:
The Rev. John M. Corridan, 73, a Jesuit priest whose crusade against corruption on the docks brought him national attention as "the Waterfront Priest" and helped lead to the creation of the Waterfront Commission of New York Harbor, of a heart attack Sunday in New York City. The role of Father Barry, played by Karl Malden in the film "On the Waterfront," was loosely based on Father Corridan.

Airline Resumes Taipei Run
The Associated Press
TAIPEI — Continental Airlines resumed passenger service to Taiwan on Wednesday after a five-year lull.

Albert Dalley, 46, a jazz pianist who worked with Art Blakey, Charles Mingus, Sonny Rollins and other major musicians, of pneumonia June 26 in Denver.

J. Luther Cleveland, 93, the president and chairman of the Guaranty Trust Co. and who became chairman of the executive committee of its successor, the Morgan Guaranty Trust Co. of New York, Sunday in Lake Wales, Florida.

Agness Underwood, 82, who became the first woman city editor of a major daily newspaper in the United States, of an apparent heart attack Tuesday at her home in Greeley, Colorado. She became city editor of the Los Angeles Evening Herald-Express in 1947, later the Los Angeles Herald-Examiner, and retired in 1968 as assistant managing editor.

Chauncey L. Waddell, 88, an investment banker and philanthropist, on June 27 in New York City. He was a co-founder and former chairman and president of Waddell

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China Defends Birth Control Policy in Face of U.S. Anti-Abortion Plan

Christopher S. Wren
New York Times Service
BEIJING — Critics of abortion means of birth control do not understand the problems that China is trying to limit its population growth, a spokesman for the state's family planning commission said.

Guo Xiang, chief of the mission's education division, responded to a question at a news conference on Tuesday about China's view of a Reagan administration proposal that would eliminate family planning assistance to governments and organizations that abort.

The U.S. Agency for International Development has urged the administration to reconsider the proposal. The move has also recently come under criticism from State Department officials who are concerned that it would damage relations with such countries as China and India.

The official said that 70 percent of China's married couples of child-producing age, or about 120 million couples, now used contraceptive devices.

Mr. Shen reported that 24 million couples had been given certificates formalizing their pledge to have only one child. These certificates, which entitle them and their child to preferential benefits in housing, medical care and education, have been awarded mostly in Chinese cities. Resistance to the single child policy continues in the countryside.

Asked about the prevalence of female infanticide, which has been encouraged by a couple's desperation for a son under the single child policy, Mr. Shen said female infanticide was "popular in the old China, but the figure has dropped."

Mr. Shen said the family planning program had generally shown good results. But he conceded that "mistakes and deviations, including the phenomenon of coercion do exist."

U.S. Under Secretary of State Gregory J. Newell said June 25 that the United States would cut off millions of dollars in aid to the UN population fund unless the agency guarantees that the money is not used for programs subsidizing or advocating abortion.

Journalist Jailed Over His Sources in U.S. Libel Suit

Los Angeles Times Service
BELLEVILLE, Illinois — In the first jailing of an American journalist in a civil libel suit in 25 years, an Illinois writer has been incarcerated indefinitely for refusing to disclose sources used for an editorial criticizing a local politician.

The journalist, Richard Hargraves, was jailed Tuesday. County Judge Roger Scrivner had ruled him in contempt of court for refusing to disclose the sources used in the Belleville News-Democrat editorial.

In his editorial, Mr. Hargraves said that the chairman of the St. Clair County Board of Supervisors had lied when he pledged in his campaign that he wanted all tax increases put to public referendum.

Mr. Hargraves said the sources had disclosed that, once elected, the chairman had overruled that issue.

Although jailing of reporters is not common, most cases generally involve criminal trials or grand jury investigations.

The last case of civil libel in which a reporter was jailed was in January 1959, when a New York Herald Tribune reporter, Marie Torre, was held for 10 days. She refused to name the sources of a report that CBS executives would cut off business with the entertainer Judy Garland because they believed that Miss Garland was emotionally unstable.

11 Die in Massachusetts Fire

The Associated Press
BEVERLY, Massachusetts — A fire destroyed a three-story wooden rooming house on Wednesday, killing at least 11 people and injuring about a dozen, many of them low-income or retarded persons. At least five people are missing.

Beijing Restores Graves of Jesuits Desecrated in Cultural Revolution

The Associated Press
BEIJING — China has restored the graves of the Rev. Matteo Ricci, a Jesuit credited with introducing Christian teaching in imperial China in the 16th century, and those of two other priests.

The graves desecrated by Red Guards during the Cultural Revolution of the 1960s.

The other graves restored were those of two of Father Ricci's contemporaries, the Rev. Ferdinand Verbiest, a Belgian, and the Rev. Johann Adam Schall von Bell, a German, Chinese news reports said.

When Father Ricci went to China in 1582, he was called a "foreign devil." After years of teaching that involved science and mathematics, as well as theology, he gained respect at court and became known as the "wise man from the great West."

The tombstones of the three priests, bearing inscriptions in Latin, Chinese and Manchu, were preserved by a historian, a Chinese news report said. Restoration began in 1980.

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(Continued from Page 11)

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MIFED Indian Summer (October 28 - November 3, 1984)
World rendez-vous for producers and distributors of feature films released in 1984

For information: MIFED, Largo Domodossola 1, 20145 Milano (Italy), tel. (02) 4997-267, cable MIFED-MILANO, telex 331360 EAFM I.

Poles to Meet Creditors
For Discussions in Paris

PARIS — A Polish delegation will meet the country's Western creditor nations here on Friday, despite earlier fears that the meeting might be delayed, diplomatic sources said Wednesday.

All creditor countries have been invited to the meeting, which is a task force rather than a full negotiating session over an official debt rescheduling, they said.

Gold Options (cents in \$/oz.)			
Month	Aug	Nov	Feb
30	110.00	110.00	110.00
40	110.00	110.00	110.00
50	110.00	110.00	110.00
60	110.00	110.00	110.00
70	110.00	110.00	110.00
80	110.00	110.00	110.00
90	110.00	110.00	110.00
100	110.00	110.00	110.00

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Surrey KT7 9YU, England
Tel. 01-339 4311 Telex 21383

Viking Resources
International N.V.
N.A.V. as of 30-6-84
\$46.87

Information:
Pierson, Helling & Pierson N.V.
Herengracht 214, Amsterdam.

Weekly net asset value

Tokyo Pacific Holdings N.V.
on June 30, 1984: U.S. \$122.14.

Listed on the Amsterdam Stock Exchange

Information: Pierson, Helling & Pierson N.V.,
Herengracht 214, 1016 BS Amsterdam.

INTERNATIONAL FUNDS

Quotations Supplied by Funds Listed

4 July 1984

The net asset value quotations shown below are supplied by the Funds listed with the exception of some funds whose values are based on issue prices. The following

market quotations are based on the following: (a) - daily; (b) - weekly; (c) - bi-monthly; (d) - quarterly; (e) - irregularly.

ALMA MANAGEMENT

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London Commodities

July 4

Figures in sterling per metric ton.
Cocoa in U.S. dollars per metric ton.

	High	Low	Close	Previous
SUGAR	134.00	133.00	133.00	134.00
COFFEE	124.00	123.00	123.00	124.00
COCOA	124.00	123.00	123.00	124.00

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BUSINESS PEOPLE

Goodyear Shuns Conti Gummi Offer

By Warren Gerdner

International Herald Tribune

FRANKFURT — Continental

Gummi-Wecke AG, West Ger-

many's largest tire maker, Wednesday

confirmed reports that Goodyear

Corp. of the United States had re-

jected an offer by an unidentified

Continental shareholder to sell a

large block of Continental shares to

Goodyear.

A Continental spokesman said

the company did not know who

made the offer to Goodyear in

recent weeks, or how many shares

were involved.

"We have had no knowledge of

there being any large shareholders

at Conti Gummi in recent

months," said the Continental

spokesman. "But after receiving

news of the proposed sale to Go-

odyear, you can be sure we have

been asking around in who might

be behind this."

Helmut Gieselmann, chairman

of Goodyear's West German sub-

sidary in Cologne, was reported

to be identified, speculated that

much of the shares sold off by

Deutsche Bank and Bayer were

purchased on the market by another

bank, either domestic or foreign.

The analyst said the holder of the

block most likely is looking to

make a fast and large capital gain

— perhaps by selling to a foreign

competitor willing to pay a high

price to gain access to Continental's

technology in tire and rubber

development.

Continental's share price has ad-

vanced markedly over the past two

years. Prices have jumped from a

high of 67.50 Deutsche marks

(\$24.10) in 1982 to 128.50 DM

now.

Continental's spokesman said the

company is opposed to a foreign

competitor buying into the

company.

"Right now we have 45,000

shareholders spread out pretty

evenly, and we want to keep it this

way," he said.

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COMPANY NOTES

AB Volvo said profits did well in

the second quarter while sales

would exceed the first quarter's in

value despite a lower volume of car

sales. In the first quarter, sales rose

34 percent to 8.29 billion kronor

(\$1.01 billion) and net rose 52 per-

cent to 2.6 billion kronor from 1.03

billion. No second-quarter figures

were given.

Air One of the United States

increased its working capital \$6.6

million by selling seven Boeing

727-100 jets under a sales-leasing

arrangement to a Washington State

division of Ryder System Inc. The

airline, which began regular service

in April 1983, lost nearly \$27 mil-

lion last year and during the first

quarter of 1984.

Alwa (U.K.) Ltd. is to increase

output of mini-component stereo

systems by 40 percent in counter

WORLD STOCK MARKETS

Prices Took a Tumble in the U.S.

By Edward Rohrbach

International Herald Tribune

PARIS — In 1984's first half, Wall Street was definitely not the route to Fat City. In fact, as measured by the Dow average, it was the worst detour that U.S. stocks have taken over six months since 1973.

"Performance varied between bad and awful," observed Fred Franckel, director of equity research at Prudential-Bache. "Only a handful of investors were able to outperform a cash return in the first six months of 1984. Cash was the place to be."

Consider the carnage: The Dow Jones industrial average slumped 10 percent; Standard & Poor's 500 stock index was off 7 percent, and the NASDAQ over-the-counter index plunged 14.5 percent. Meanwhile, two-year government bonds provided a risk-free 13 percent return and the average money-market fund was paying a liquid 10 percent rate during 1984's first half.

For the second quarter, the Dow average, which dropped to a 16-month low in mid-June, managed to close Friday down just 3 percent from the start of the quarter, to 1,322.40. But of a total of 4,325 stocks on the New York and American Stock Exchanges and over-the-counter markets tracked by Media General Inc., however, 2,731 — or 63 percent — lost ground in the quarter.

Investors who did not stay parked in bonds at least have the satisfaction that they were steered wrong by experts. The consensus of economists was wrong about the economy, which continued to surge, wrong about interest rates, which continued to rise, and wrong about the strength of

the dollar, an important element to non-American investors on Wall Street.

But economists were not the only experts who were wrong. About as many Wall Street recommendations by stock analysts survived being wrecked as old cars at a demolition derby.

Of 16 guest panelists appearing on Wall Street Week, the popular U.S. television show, one who picked stocks at the beginning of the year chose a portfolio that went up — they all would have lost investors money.

Gail Dudack, a technical analyst for Pershing & Co., scored the best by recommending eight stocks, which only went down 2.6 percent. The worst portfolio picked by a panelist plummeted 42 percent.

Among the show's four regular panelists, every one took Wall Street's wrong fork in forecasting how low the Dow would go in 1984. The closest, at 1,148, was 61 points above the low already established — and in the other direction he forecast a high of 1,590.

Another prestigious forecast that the market threw into reverse the first six months was the annual midsummer selection of 10 stocks representing "uncommon values" put together by Shearson Lehman American Express.

Nine of the 10 stocks picked July 1, 1982, advanced over the year through June, 1983, and a portfolio of all 10 soared 125 percent for the year, against a gain of about 50 percent for the S&P 500.

"When recommending those stocks a year ago we thought the bull market was going to continue," said Eliot Fried, Shearson's chief investment officer. "We just selected overly aggressive names."

Why did the stock market behave so badly in 1984's first half? After all, "stagflation," the big bugaboo of the 1970s, disappeared as the economy hummed and inflation was checked.

Donald D. Hahn, a consultant to A.G. Becker Paribas and partner in the Chicago investment firm of Hahn Holland & Grossman, blamed investors for focusing solely on negative elements and ignoring the positives.

"In the late 1960s and early 1970s troubling issues were shrugged off by portfolio managers, stating they were 'looking over the valley,'" he observed. "Now, in contrast, many of these same market participants turn a deaf ear to numerous favorable developments by nothing that they're 'looking over the peak.'"

Echoing this theme, First Boston's portfolio strategist, Suresh L. Bhurad, thinks that the stock market will encounter "great difficulty in trying to rally from current levels."

"There's a great deal of nervousness out there," he warned. "Those who have a lot of cash worry about missing a nice rally and those still fully invested are trying to figure out where they could raise cash if a rally were to occur."

Leon G. Cooperman, chairman of the investment policy committee at Goldman Sachs, points out the difficult road ahead that equity investors face: "In the years when the S&P 500's price return has been below the cash-equivalent return, only 10 to 15 percent of the S&P 500 industries have, on average, showed a price return in excess of cash."

West Germany's Market Rode Out Metal Strike

By Warren Getler

International Herald Tribune

FRANKFURT — The metalworkers' strike during the past eight weeks, West Germany's most damaging labor dispute since World War II, failed to hurt second quarter prices on the Frankfurt Stock Exchange as much as had been feared.

Although heavy selling had been feared, the fallout from the metalworkers' strike was seen instead in a surprisingly moderate acceleration of the downward trend in share prices that began in the first quarter, with the Frankfurt Allgemeine Zeitung index dropping to an average 348 points in the second quarter from 354 for the first three months.

"The strike, in addition to higher U.S. interest rates, caused some hard times for the exchange," said Karlfrieder Sanner, market analyst at Deutsche Bank, "but it did not create a catastrophe."

Mr. Sanner and other analysts attributed the apparent resilience in prices to an underlying confidence among investors that the West German economy would still post strong results, albeit at a growth lower than the 3 to 3.5 percent for 1984 originally projected by the government.

The market saw some weak days between mid-May and the end of June, as the strike cast a shadow on prospects for a boom in the auto industry and put government growth projections increasingly in doubt.

"On June 15, exactly one month into the strike, the FAZ index hit a low for the quarter at 338, down 9 percent from the first quarter high of 370 Feb. 2."

Part of the market's retreat, analysts said, was

from an outflow of foreign funds, particularly British pension funds, because of uncertainty about the strike's long-term effects.

Hardest hit by the strike were share prices in the auto industry, which had a loss of 9.5 billion Deutsche marks of production.

In addition, share prices among the big retail stores dropped markedly, because of expected decreases in disposable income because of strike-induced layoffs.

"We witnessed a 10 percent decline in prices of auto stocks during the strike, compared to price levels in mid-April," said Peter Klare, market analyst at the private Düsseldorf-based bank, Trinkhaus & Burkhart.

Prices in the auto sector were down to an average low of 290 DM during the strike, compared to earlier highs of 310 DM in late April and 340 DM at the beginning of the year, when prospects for the industry looked strong after two very low years, according to charts prepared by Hoppenstedt, a Darmstadt-based market-research firm.

Volkswagen, which put its losses from the strike at nearly 3 billion DM, saw its share prices fall to about 180 DM by June's end from 200 DM in early April. Daimler-Benz, with losses from the strike also in the 3-billion-DM range, had a 5 percent drop in prices to 550 DM from 600 DM during the same period. BMW dropped to a little under 380 from 400 DM during the same period.

Forsche proved the exception. As a new offering, the company's shares remained in high demand, with prices up from the original early-May listing of 780 DM a share to 980-1000 from mid-May through the end of June.

With expectations of the strike's end by Thursday, June 28, auto-share prices advanced strongly, with BMW up 10.50 DM Friday to 405 DM and Daimler up 4.50 DM to 575.

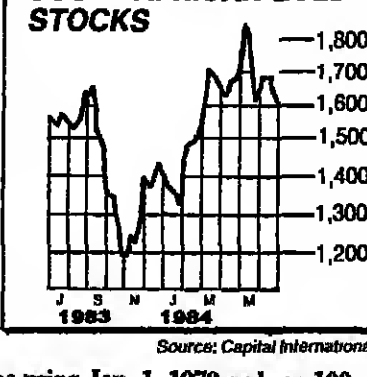
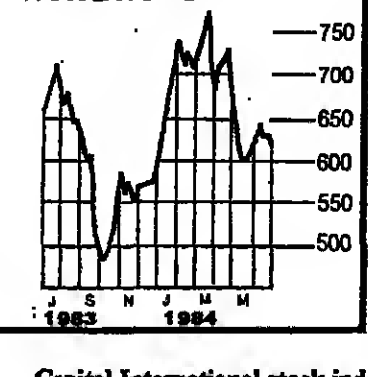
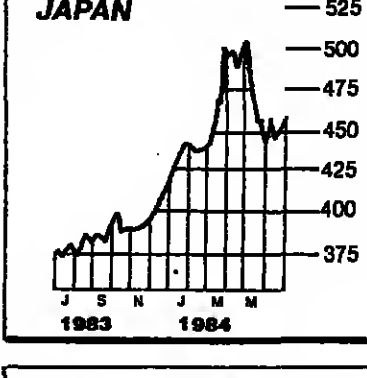
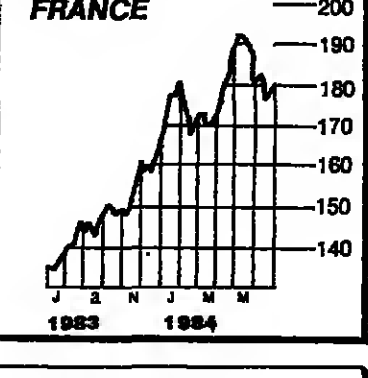
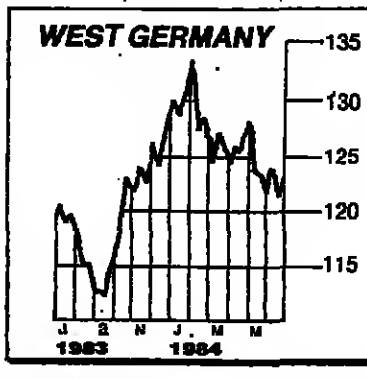
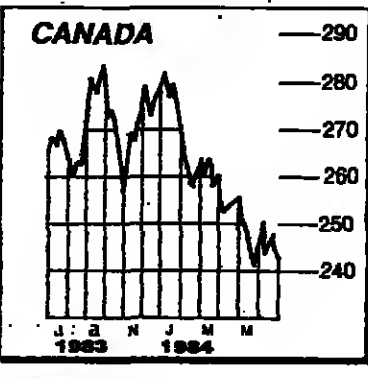
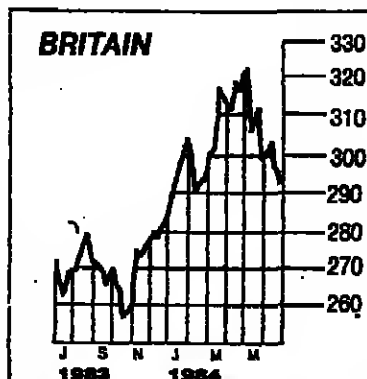
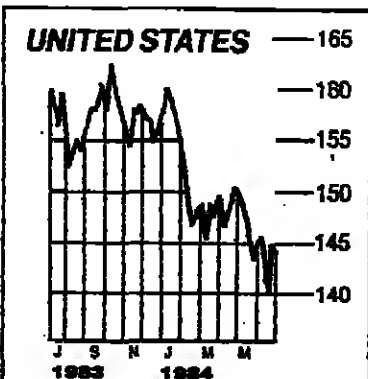
Although the prospect of auto-share prices firming at pre-strike levels or above appeared fairly good this week, Trinhaus's Mr. Klare cautioned that there was still significant skepticism among investors about the auto industry's chances of making up for lost production in the remaining two quarters.

Mr. Klare said that the prospects for the large retail chains, Karstadt and Kaufhof, were also questionable. Karstadt, whose sales were down 1.5 percent in the second quarter from a year earlier, saw its stock drop to about 340 DM by June's end from 375 DM in late April. Kaufhof was down to 220 DM from 250 DM over the same period, while Herten remained relatively stable at about 190 DM.

In contrast to the weakened auto and retail sectors on the exchange, the high-technology and insurance sectors continued to fare quite well.

With demand strong for computerized office equipment and telecommunication services, Philips Kommunikations Industrie AG, a subsidiary of the Dutch Philips group, saw its stock prices escalate more than 30 percent between mid-April and the end of June from 320 DM to 420 DM.

Standard Elektrik Lorenz AG, a subsidiary of ITT Corp. of the United States, was up by a smaller margin to 380 from 350 during the same period. Siemens, the giant electrical group, hovered around the 380-400 DM mark as it has since last March.



Capital International stock indexes using Jan. 1, 1970 as base 100.

In the second quarter, metals and mining stocks fell 18 percent; gold stocks, 16 percent; paper and forest products, 13 percent, on fears that the U.S. budget deficit would push interest rates up still further and slow worldwide economic growth.

Gainers in the second quarter were real estate companies, up 10 percent, pipelines, up 2.5 percent, and utilities, up 1.74 percent.

Tokyo
The Tokyo Stock Exchange had a roller-coaster quarter, reaching a new high early in May and then having a sharp decline.

The market began the quarter with the Nikkei Dow Jones average at 10,968.41, and it rose to a high of 11,190.17 May 4. The surge was fueled by a strengthening economy and a positive outlook for earnings.

But almost as quickly as it peaked, the market began falling in May. By the beginning of June, the Nikkei Dow Jones average was down to 9,913, although by last week, it stood at 10,377.97. Capital International's index for Japanese stocks fell 8.9 percent.

Hisamichi Sawa, director of research for Bache Securities Japan, blamed the decline on heavy selling by foreign investors. Some domestic investors, growing skittish about high price-earnings ratios, also decided to take profits. Other factors spurring the decline were the escalation of attacks on tankers in the Gulf, on which Japan depends for most of its oil, and the weakening yen.

Particularly hard hit by the downturn were smaller, more speculative electronics issues. Companies such as TDK, a maker of magnetic tapes, and Anritsu Electric, a telecommunications-equipment supplier, had stock drops of about 40 percent in the quarter.

By contrast, shares of some older textile, food and chemical companies are rising in price along with signs that capital spending is picking up.

Hong Kong

The Hang Seng index started the quarter at 1014.38 points. By last week, it was down to 901.07. Capital International's Hong Kong index dropped 10.3 percent.

Fears about Hong Kong's future were not the only problems. While the colony's economy has been strong, much of the strength has been in exports to the growing U.S. economy. Now, there is concern that rising interest rates could slow the growth of the U.S. economy. Hong Kong's own interest rates have also been rising during the quarter.

Particularly depressed in the last month have been electronics companies, hurt by declining margins and a slowdown in sales of cordless telephones to the United States.

Johannesburg

The buoyancy of the Johannesburg Stock Exchange showed signs of flagging in recent weeks, but the ability of South African investors to shrug off distressing economic news made analysts wary of predicting any sharp fall in stock prices soon.

Most agree, however, that the market could weaken because gold prices are down, imports are up, the rand is weak, and inflation and interest rates are high.

For some time, investors have largely ignored the economic fundamentals underlying the market. In the year's first quarter, the Johannesburg Stock Exchange's Actuaries Industrial Index climbed to a peak of 995.1, before drifting to its current level of about 935. Capital International's South African gold stocks index declined 2 percent for the quarter.

Despite the gloom, there has been a conspicuous absence of sellers in the market. One reason is that South Africa's large institutions have few investment alternatives.

Shares Slid on Bourses Worldwide

New York Times Service

NEW YORK — Stock prices on exchanges followed the downward path of U.S. stocks in the second quarter.

World Index, a measure of world stock prices prepared by the Geneva-based Capital International Perspective, dropped 7.5 percent the quarter. For the United States alone, according to Capital International, stock prices fell 4 percent.

The quarter was generally disappointing on London Stock Exchange. Capital International's index for British stocks declined 6.5 percent, while the Financial Times All-Share index, after peaking at 536 on May 3, closed at 490.48. The drop measured about 8 percent for the period, and largely wiped out the 12 percent increase of the previous quarter.

Analysts said the market was unsettled by a reduction in interest rates or a red bull market on Wall Street.

Shares from Datastream, a financial-information service, showed only two sectors with gains for the quarter: tobacco, up 4 percent, due to BAT Industries PLC, and newspaper publishing, up 1 percent.

Among the worst performing sectors were merchant banks and miscellaneous financials, which were down 21 percent and 16 percent, respectively. Problem sectors were motors and leisure, down 16 percent; building materials, down 14 percent; and contracting and construction, down 14 percent, largely because of fears of interest rates.

Prices rising to a record in May, prices on the London Bourse fell somewhat during the second quarter. Prices finished ahead, but analysts predicted that a traditional summer rally would be this year because of fears of higher U.S. interest rates.

Paris stockbrokers' index, called the CAC 40, climbed 16.4 percent the quarter to 181.7 by May; the index closed at 174.60 Friday. The International's index for French stocks fell 5.3 percent for the period. Daily volumes about 100 million shares, compared to about 400 million at the market's heaviest point in January.

Analysts blamed the Bourse's lackluster performance on rising U.S. interest rates and Wall Street's decline. Other factors cited were fears of the Iran-Iraq war and the debts of developing countries.

Some stocks continued to move quietly. Vigier, an analyst with Jean de Chiquet Dupont & Compagnie, said the higher prices had lured foreign investors to the big food, drug and pharmaceutical concerns with overseas sales, including L'Oréal, BSN, and Ricard and Mott-Heugens.

With the exception of two attractive new issues — Nixdorf, the computer company, and the maker of sports cars — prices on the Frankfurt Stock Exchange fell in the quarter.

Yust cited the influence of West Germany's metalworkers' strike, rising U.S. interest and the waning appetite for stocks on Wall Street.

Following the fitful decline, the 100-share Frankfurt Allgemeine Zeitung index closed at 348.40 after reaching a high of 370.84 in February. Capital International's West German index fell 1.3 percent.

It was hard because of the general worldwide economic uncertainty, however, were the country's three biggest banks — Deutsche Bank, Dresdner Bank and Commerzbank. Prices of blue chip shares suffered as well, including three chemical companies: Hoechst, Bayld BASF. The three had posted big gains this year because of expectations that they would profit most from economic recovery.

Rate Fears Helped Turn London Bull Into Bear

Market Was Not Prepared for Sharp Setback in May After High Was Set

By Lynne Curry

International Herald Tribune

LONDON — The bull market that dominated the London Stock Exchange's first quarter turned into a bear market in May after the market turned bearish.

Many analysts believe that the market is likely to remain at about the same level for the rest of the year.

The market fell following bad news in Britain abroad: Rising U.S. interest rates, fears of a resuming debt crisis, the rescue of Continental National Bank & Trust Co., the Iran-Iraq war, an increasingly bitter and disruptive British coal miners' strike, and poor economic news released by the government.

The Financial Times All-Share Index rose to a peak of 536.26 in early May and then tumbled to 490.48 by June 4, a low of 481.45 before recovering slightly to end the quarter at 490.48.

"The market jumped nicely and then collapsed," said Stephen Lofthouse, partner at Nes Capel & Co.

The market had been confident that recovery was continuing, with better than expected company results in April, analysts said, but it was prepared for the subsequent sharp setback in May.

One of the key factors triggering the downturn in the London Stock Exchange was the steady rise in U.S. interest rates.

Moreover, "the U.S. economy is overheating and this is tied up with the elections," said John Evans, an analyst at Greaveson Grant & Co. The disagreement between the government and the Fed has international implications, he added.

Analysts do not anticipate much action will be

taken to correct the pace of U.S. economic and credit expansion until after the U.S. election in November.

Until then, they expect rates to rise further, a continuing increase in the value of the dollar, and a corresponding decline in the value of the pound.

Anxiety about the impact that rising U.S. interest rates would have on British domestic rates prompted the Bank of England to make an unusual statement that it would attempt to resist pressure to push up base rates.

Against this gloomy international background, bearish British domestic news helped to depress the stock market further. The absence of movement towards a settlement of the coal miners' strike sparked fears that it may last through the summer into the fall, slowing Britain's economic recovery from the recession.

Fears grew that the strike would increase union militancy and in many industries would lead to demands for much higher wages in the next round of salary negotiations.

As concern grew in the market about the coal-mining strike, investors were also worried about government borrowing and private bank lending.

Although the government had said in its budget that it would do most of its borrowing in the first nine months of the year, the market was still somewhat shocked in May when the government said its public-sector borrowing requirement was £2.4 billion (\$3.2 billion) for April. This was about one-third of the forecast annual total.

The government plans to do comparatively little borrowing in the last half of the year. It hopes to bring in revenue from the European Community rebate, from importers who are now

required to pay value-added tax earlier than in the past, and from the sale of state-owned enterprises.

However, the lead up in the second quarter to the government sale of the state-owned Enterprise Oil, the North Sea oil exploration and production holdings of British Gas Corp., was an additional damper on the market, analysts said.

The government's intervention to prevent Rio Tinto-Zinc, a huge mining conglomerate, from taking over the oil company sparked controversy and criticism of Prime Minister Thatcher's privatization policy and made investors wary of such share offers.

The sectors that performed the best during the second quarter were primarily those that are not speculative and not that dependent on an economic upturn. These were the tobacco industry, brewers, and insurance and drug companies.

Interest-rate sensitive stocks and those dependent on a growing economy were hurt. These included the banks, textiles, motors, chemicals, shipping, mining finance, building and agriculture. With a slowdown in consumer spending in June, retail stores also failed to do as well as in the previous quarter.

The forecast for the rest of the year is uncertain. Analysts believe that the market is likely to continue to operate in a bearish environment until U.S. interest rates decline and the miner's strike is settled.

Analysts added that privatization will probably remain a controversial issue and the drop in consumer expenditure is unlikely to be reversed.

"Until there are some signs of good news, the market will consolidate about this level for the rest of the year," said Greaveson Grant's John Steven.

The Best of Both Worlds - a new fund offering growth + income



M LIMITED
MANUFACTURERS HANOVER LIMITED
LONDON

YAMAICHI INTERNATIONAL CAPITAL MANAGEMENT
TOKYO

GEOFUND CONVERTIBLE BONDS

— A NEW LUXEMBOURG INVESTMENT COMPANY —

Manufacturers Hanover is the fourth largest banking group in the USA with over \$30 billion under investment management. Yamaichi Securities is one of the four largest investment firms in Japan. Their affiliates, who have joined forces to create this fund, specialise in investing globally in both fixed income and equities.

Over the past year, the Japanese market rose by over 35%. The yield on equities, though, was hardly 1%. By buying Euro-dollar certificates issued by Japanese companies, an investor could have participated in the growth of the market and had 5-6% in income as well. With this bond and equity markets down from their recent high levels, this could be another opportunity for those who missed it before.

Convertible bonds provide the investor with "the best of both worlds". They are linked to the underlying share price and should appreciate when the price of the share does. At the same time, they provide a yield related to bonds which offers a higher income flow than the underlying equities and some protection when markets decline.

In addition to convertible bonds, the Fund will also make limited investments in straight bonds with equity warrants attached and in equities to achieve its own goals. Initially, as much as 50% of the net assets will be invested in Japanese names but the Fund will have the flexibility to seek out the most attractive opportunities anywhere in the world. Shares in the Fund will be issued in either bearer or registered form and shareholders will have the option to receive or reinvest dividends.

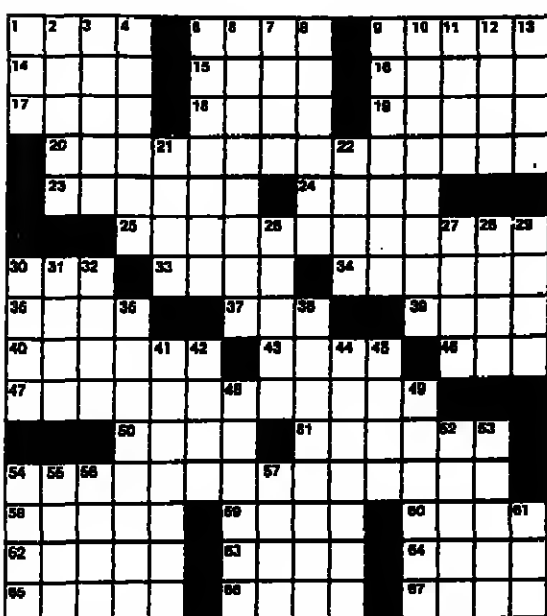
GEOFUND CONVERTIBLE BONDS
Registered office:
43 Boulevard Royal, Luxembourg
Managers:
Manufacturers Hanover Asset Management Limited, Guernsey
Investment advisors:
Manufacturers Hanover Limited, London
Yamaichi International Capital Management Co. Ltd., Tokyo

Shares in the Fund are not available to United States persons as determined in the prospectus.
This information is historical only and not indicative of future results. Subscriptions will be accepted only on the basis of the prospectus, obtainable from Manufacturers Hanover Limited, 7 Princess Street, London, EC2P 2LN. Telephone: 01-600 4501.

To: Manufacturers Hanover Limited
FREEPOST, London, EC2B 2DX.
Please send me a prospectus of Geofund Convertible Bonds.

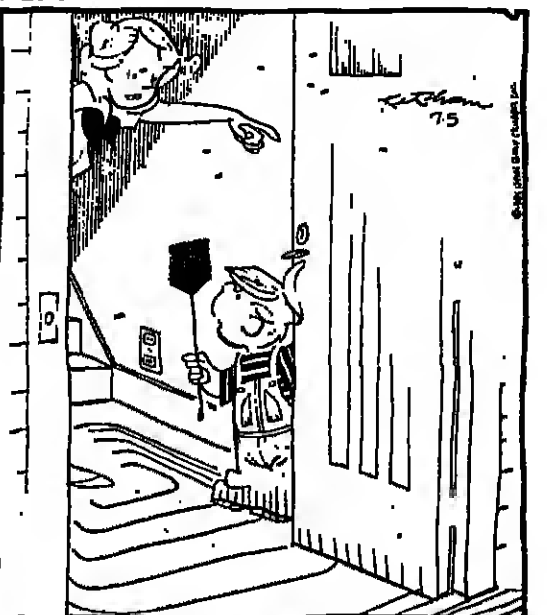
Name: Mr/Ms/Mrs
BLOCK CAPITALS PLEASE
Address:
Post code: Telephone:

GEOFUND CONVERTIBLE BONDS



- ACROSS**
- 1 Chooes
 - 5 Nine-banded armadillo
 - 9 Distort
 - 14 Kingly proclamation
 - 15 Tomahawks
 - 16 Coin in Praha
 - 17 Drafty spot
 - 18 E.R., e.g.
 - 19 Spanish explorer: 16th century
 - 20 Descartes was one
 - 23 "Gabrielle with Jewelry" painter
 - 24 By (mechanically)
 - 25 Peripatetic sleeper
 - 30 Kin of zap and barn
 - 33 Red Wings or Black Hawks
 - 34 Watery sound
 - 35 Mine entrance
 - 37 Women's
 - 39 Most western Aleutian island
 - 40 Fill the musket again
 - 43 "Out of You"
 - 46 Onager
 - 47 Redford, in "Three Days of the Condor"
- DOWN**
- 1 A way
 - 2 Warehouse employee
 - 3 Brownish gray
 - 4 Mugs
 - 5 Recreation
 - 6 Outer
 - 7 On the (functioning well)
 - 8 "Any port in a storm"
 - 9 Sprout
 - 10 Actor Frank from Bayonne
 - 11 Soviet mountain range
 - 12 Clears
 - 41 Home of the Braves
 - 42 River of Strathclyde
 - 43 Spiky grass
 - 44 Sturdy-up req.
 - 45 Mugs
 - 46 Emulate Fagin
 - 48 Up and about
 - 49 Squeaky-voiced comedian
 - 54 Entreaty
 - 55 Short short
 - 56 Followers
 - 57 Rad's greeting
 - 61 August sign

DENNIS THE MENACE



"WELL, GEE WHIZ, WHAT'S THE USE BURNIN' A NEW FLY SWATTER UNLESS YA LET IN A FEW FLIES?"

JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

PROAN

DAHYN

MEENZY

ZARABA

Print answer here: _____

Yesterday's Jumbles: APART POACH PAYOFF CHEERY

Answer: What they called the police officers' annual shindig—THE "COP HOP"

WEATHER

EUROPE	HIGH	LOW	ASIA	HIGH	LOW
Algeria	20	15	Bangkok	32	25
Amsterdam	15	10	Beijing	32	25
Antwerp	15	10	Bombay	32	25
Athens	20	15	Buenos Aires	25	18
Berlin	15	10	Calcutta	32	25
Bombay	32	25	Cairo	32	25
Buenos Aires	25	18	Chongqing	32	25
Calcutta	32	25	Cebu	32	25
Cairo	32	25	Dacca	32	25
Chongqing	32	25	Delhi	32	25
Cebu	32	25	Hankow	32	25
Dacca	32	25	Harbin	32	25
Delhi	32	25	Hong Kong	32	25
Hankow	32	25	Kobe	32	25
Harbin	32	25	Manila	32	25
Hong Kong	32	25	Medan	32	25
Kobe	32	25	Osaka	32	25
Manila	32	25	Shanghai	32	25
Medan	32	25	Singapore	32	25
Osaka	32	25	Taipei	32	25
Shanghai	32	25	Tokyo	32	25
Singapore	32	25			
Taipei	32	25			
Tokyo	32	25			

PEANUTS



SEE, I DON'T KNOW... I REALLY THINK YOU'D BETTER GO WITHOUT ME... THANKS ANYWAY...



ACTUALLY, NOTHING COULD INTEREST ME LESS THAN GOING TO A SEED TASTING!

BLONDIE



AT YOUR AGE, MOST MEN NEED GLASSES

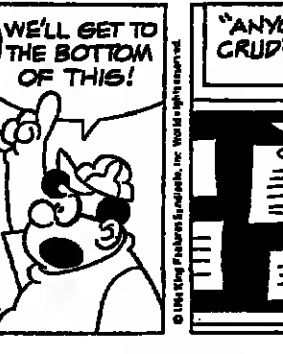


NOW THEN, CAN YOU READ THE VERY LAST LINE?

BEETLE BAILEY



WHOSE CRUP IS THAT ON THE SINK?

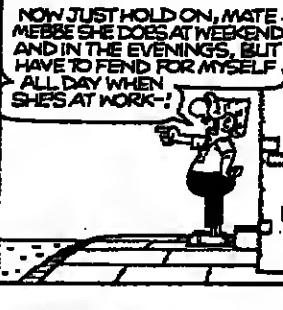


IT'S NOT MY CRUP

ANDY CAPP



NOTHING SERIOUS, SHE JUST NEEDS A COMPLETE REST



IT MIGHT HELP HAVE TO WAIT ON YOUR HAND AND FOOT

WIZARD OF ID



YOU ARE FREE TO GO, WILSON. ANOTHER MAN CONFESSED TO YOUR CRIME



WHAT ABOUT THE TWENTY YEARS I'VE SERVED?

REX MORGAN



I'M SORRY, BERT—BUT I'M TIED UP THIS EVENING. YES, I'M FREE SATURDAY NIGHT. FINE, I'LL EXPECT YOU AT 6:30.

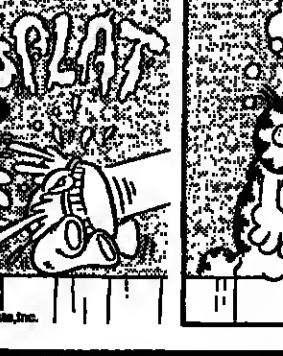


ARE YOU GOING OUT WITH MR. YON DALE SATURDAY? WHAT IF KEITH COMES TO TOWN, MOTHER?

GARFIELD



GOOD EVENING, LADIES AND GENTLEMEN. I'D LIKE YOU TO MEET POOKY, MY BAG WRITER



WELCOME TO SHOW BIZ, NIP

BOOKS

THE MIRROR MAKERS. A History of American Advertising and Its Creators

By Stephen Fox. Illustrated. 383 pp. \$17.95. William Morrow & Company. 105 Madison Ave., New York, N.Y. 10016.

Reviewed by Eric Pace

"THE advertising man," the playwright S.N. Behrman wrote in 1919, "is the enfant terrible of the time, unabashed before the eternities. Even war needs him."

In 1919, Stephen Fox tells us in "The Mirror Makers," the advertising industry, which had helped get Americans to back the war effort, was prospering by getting them to buy postage stamps and other goods—the total annual volume of advertising soared to almost \$3 billion in 1920, up from \$1.5 billion in 1918.

The path that led the industry from its early days of patent medicine hokum to that huge boom is traced in weird and wonderful detail in Fox's book, and so is the zigzag route it took, through good times and bad, to the subsequent six decades.

Much of "Mirror" makes entertaining and enlightening reading, even though in Fox, an independent scholar with a Ph.D. in American civilization from Brown University, the advertising industry has not exactly found its Bruce Catton.

The book is interesting largely because Madison Avenue, while bringing fame to goods, services and advertising artifacts, has also whetted our curiosity about itself.

We learn about the archetypal patent medicine—Lydia Pinkham's Vegetable Compound—and Fox tells us that there was a real Pinkham who "brewed a mixture of four kinds of roots, fenugreek seed and 19 percent alcohol" and bottled it for sale in 1875.

The concoction was energetically marketed as "The Positive Cure for All Female Complaints," and three decades later it was being touted by an advertisement proclaiming that, as Fox tells it, "Mrs. Pinkham, in her laboratory at Lynn, Massachusetts, could heal a sick woman better than the family doctor"—although Pinkham had by then been in her grave for 22 years.

We also learn about the World War I recruiting poster of "Uncle Sam Wants You." Fox tells us that its creator, James Montgomery Flagg, later recalled cynically that he and other artists who had been "too old or too scared to fight" prostituted our talents by making posters inciting a large mob of young men who had never done anything to us, to hop over and get shot at. We sold the war to youth.

We learn of the famous Hathaway shirt advertisements showing the product being worn by a mysterious man with an eye patch. Fox tells us that they were the handiwork of David Ogilvy, of Hewitt, Ogilvy Benson & Mather, and adds that "years earlier, a despatch schoolmaster with an eye patch had left a stylish imprint on the 10-year-old Ogilvy."

Is this book a work of history? Absolutely, but not history of the most upscale kind. Fox has a deft hand with detail and anecdote, and keeping a complex narrative moving. But some of his generalizations leave something to be desired.

It is ignoble, in writing about some of the

smoothest-talking Americans in history, to get off a sentence like this: "Powered mainly by an internal dynamic within the business, in the late 1960s the creative revolution crossed paths with an external context, the youth movements of the day."

It is exaggeration to assert that, nowadays, "at cocktail parties, people in the advertising business wince when asked what they do for a living"—as anyone knows who has sat through a dinner with advertising people boasting, unwaveringly, of their success.

And it is oversimplification to conclude: "The people who have created modern advertising are not hidden persuaders pushing out buttons in the service of some malevolent purpose. They are just producing an especially visible manifestation, good and bad, of the American way of life."

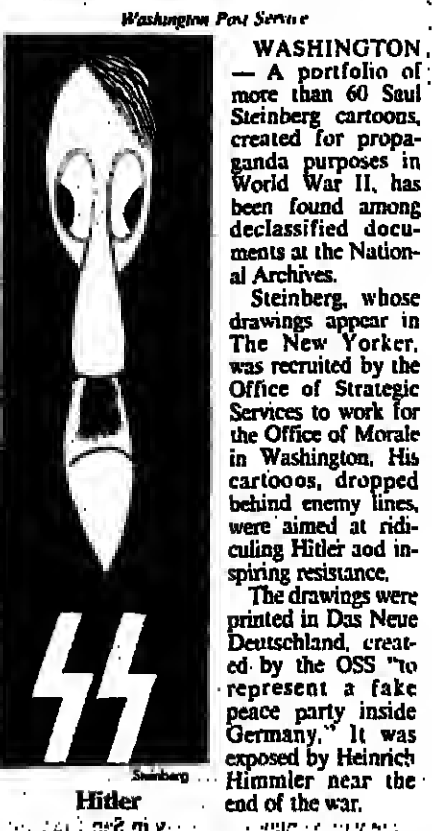
Be all that as it may, "Mirror" has been warmly praised by two titans of advertising history, Ogilvy and Rosser Reeves, the suave and charming copywriter who became head of the Ted Bates & Co. agency.

In fact, the book is being distributed with a narrow paper band—wrapped around its dust jacket—that carries an endorsement from Ogilvy and one from Reeves: "What a juicy, fact-filled book! My eyes popped at what I did not know."

What the reader may not know is that Reeves died five months ago, at the age of 73. But this effective bit of Reeves's advertising copy is out doing its work in the marketplace—unabashed, in Behrman's phrase, before the eternities.

Eric Pace is on the staff of The New York Times.

Cartoon Cache



WASHINGTON

—A portfolio of more than 60 Saul Steinberg cartoons, created for propaganda purposes in World War II, has been found among declassified documents at the National Archives.

Steinberg, whose drawings appear in The New Yorker, was recruited by the Office of Strategic Services to work for the Office of Morale in Washington. His cartoons, dropped behind enemy lines, were aimed at ridiculing Hitler and inspiring resistance.

The drawings were printed in Das Neue Deutschland, created by the OSS "to represent a fake peace party inside Germany." It was exposed by Heinrich Himmler near the end of the war.

BRIDGE

By Alan Truscott

SOUTH brought home four spades on the diagrammed deal. This would have been defeated quickly by the lead of the heart ace, but the diamond ten was a popular choice. This permitted the declarers to maneuver a heart discard, and the contract was still in the balance.

In one case the contract was doubled, as shown, and the play followed an interesting track.

A diamond was led and covered with the jack. East refused to cover and the ace won. South led a trump to dummy's queen and discarded a heart on

the diamond king. He carefully retained the trump king in the dummy, and led the club king. East won with the ace, and misjudged by leading the diamond queen. East threw his remaining heart, and the contract was unbeatable.

East led a heart, and South ruffed. He crossed to the spade king and took a marked club finesse. West could make a trump trick at once or later, and that was the end of the defense.

To defeat the contract, East would have had to give his partner a ruff after taking the club ace. Then West would have had to underlead the

heart ace to maneuver a second and decisive club ruff.

Neither side was vulnerable. The bidding:

South: 1♠, 2♠, 3♠, 4♠, 5♠, 6♠, 7♠, 8♠, 9♠, 10♠, 11♠, 12♠, 13♠, 14♠, 15♠, 16♠, 17♠, 18♠, 19♠, 20♠, 21♠, 22♠, 23♠, 24♠, 25♠, 26♠, 27♠, 28♠, 29♠, 30♠, 31♠, 32♠, 33♠, 34♠, 35♠, 36♠, 37♠, 38♠, 39♠, 40♠, 41♠, 42♠, 43♠, 44♠, 45♠, 46♠, 47♠, 48♠, 49♠, 50♠, 51♠, 52♠, 53♠, 54♠, 55♠, 56♠, 57♠, 58♠, 59♠, 60♠, 61♠, 62♠, 63♠, 64♠, 65♠, 66♠, 67♠, 68♠, 69♠, 70♠, 71♠, 72♠, 73♠, 74♠, 75♠, 76♠, 77♠, 78♠, 79♠, 80♠, 81♠, 82♠, 83♠, 84♠, 85♠, 86♠, 87♠, 88♠, 89♠, 90♠, 91♠, 92♠, 93♠, 94♠, 95♠, 96♠, 97♠, 98♠, 99♠, 100♠, 101♠, 102♠, 103♠, 104♠, 105♠, 106♠, 107♠, 108♠, 109♠, 110♠, 111♠, 112♠, 113♠, 114♠, 115♠, 116♠, 117♠, 118♠, 119♠, 120♠, 121♠, 122♠, 123♠, 124♠, 125♠, 126♠, 127♠, 128♠, 129♠, 130♠, 131♠, 132♠, 133♠, 134♠, 135♠, 136♠, 137♠, 138♠, 139♠, 140♠, 141♠, 142♠, 143♠, 144♠, 145♠, 146♠, 147♠, 148♠, 149♠, 150♠, 151♠, 152♠, 153♠, 154♠, 155♠, 156♠, 157♠, 158♠, 159♠, 160♠, 161♠, 162♠, 163♠, 164♠, 165♠, 166♠, 167♠, 168♠, 169♠, 170♠, 171♠, 172♠, 173♠, 174♠, 175♠, 176♠, 177♠, 178♠, 179♠, 180♠, 181♠, 182♠, 183♠, 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